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# ***JPRS Report***

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# **Near East & South Asia**

***EGYPT***

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# Near East & South Asia

## EGYPT

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## Regional Affairs

### Editor Blasts Saddam, Replies to Accusations

93AF0023A Cairo AL-AHRAM WEEKLY in English  
27 Aug-2 Sep 92 p 5

[Article: "Increased Cultivation"]

[Text] According to Dr Hasan Hamdi, professor at 'Ayn Shams University, agricultural production accounts for 34 percent of the Egyptian national income and is the single most influential element with the country's social and economic structure. Dr Hamdi added that there is mounting pressure on Egypt's cultivated areas as the country's population increases by 2.8 percent annually. Within this already limited agricultural area there exists competition between man and animal. Hamdi cited as an example clover, which occupies more than 30 percent of cultivated land as animal fodder. He lamented that urban expansion ruins some 40,000 feddans per year.

Taking into consideration the problems, Hamdi asserts the necessity of horizontal expansion of the cultivated areas, affirming that Egypt will need around four million feddans to meet the local food consumption requirements by the year 2000. In this context, he noted that potential areas for expansion are 685,000 feddans in the western Nile delta; 799,000 feddans in the eastern delta; 59,000 feddans in the central delta; 224,000 feddans in central Egypt; 782,000 feddans in Upper Egypt; and 283,000 feddans in the Sinai Peninsula. The total reclaimable areas equal 2.88 million feddans, said Hamdi, adding that an area of 1.53 million feddans has been chosen for pilot projects.

He noted that the Ministry of Agriculture has applied the most up-to-date technologies to survey desert areas through the establishment of a remote sensing unit. But he added that the application of genetic engineering is needed to determine the most suitable crops for the newly-reclaimed areas.

Hamdi stated that scientific surveys indicate that underground water in the Western Desert could irrigate as much as 190,000 feddans in East Quinat.

Speaking about the technical problems hampering development of new agricultural areas, Hamdi concluded that a clear-cut, stable policy is needed for crop patterning in the reclaimed areas, as well as a comprehensive map of sites and subterranean waters nationwide. There is also a need he said, to devise a well-conceived marketing system for the produce of the reclaimed areas which will eliminate the domination of prices by wholesalers.

A study prepared by Dr 'Usman al-Khuli, professor at Cairo University, Dr Sa'd Nassar, consultant to the Minister of Agriculture and Dr Husayn Khidr, professor at 'Ayn Shams University, indicates that land reclamation in Egypt went through six stages. The first stage, covers the period from 1882 to 1952, when some 400,000 feddans were reclaimed, at an average of 5,600

feddans per annum. The private sector contributed 25 percent of these reclaimed areas. In the second stage, 1952-59, 78,800 feddans were cultivated at an average of 9,850 feddans per year. The private sector did not contribute in this stage. During the third stage, from 1960 to 1964, 526,000 feddans were reclaimed with a seven percent contribution from the private sector. Two hundred and seventy-six thousand feddans were reclaimed in the fourth stage (1965-1969), with an average of 55,200 feddans per year and with a 27 percent contribution on the part of the private sector. In the fifth stage, from 1970 to 1981, 221,000 feddans were cultivated with a yearly average of 19,200 feddans. Two hundred and twenty thousand feddans were cultivated in the sixth stage (1982-1987), with an average of 46,000 feddans per year. In the last two stages the private sector's share reached 28 percent.

The study reveals that the government has recently adopted some corrective policies with a view to providing the public sector with a greater role to play in agriculture. In this context, Hamdi noted that the private sector received around 180,000 feddans, some 92 percent of the areas distributed over the period from 1985 to 1987. Moreover, the future plan for land reclamation over the period between 1987-1992 aimed at reclaiming 446,000 feddans, most of which were allocated to the public sector.

The study furthermore notes that the reform programmes aim at further upgrading the role of the Principal Bank for Agricultural Development and Credit and providing a greater role for the private sector in importing and marketing the requirements of agricultural production, and creating a proper competitive environment between the bank and the other sectors to increase efficiency.

As for land reclamation, the corrective policies aim at encouraging the private sector to reclaim and own new areas, confining the state's role to establishing the infrastructure, conducting feasibility studies, and extending credit and facilities needed for land reclamation.

Professor of Subterranean Waters and Dean of the Faculty of Science at al-Minufiyah University, Dr Mughawiri Diyah, said that Egypt's water resources amount to 64.1 billion cubic metres, while Egypt's needs equal only 57.9 billion cubic metres. He indicated that this implies that Egypt can reclaim around 450,000 feddans. He thus asserted that subterranean waters in Egypt have not been well exploited and that they should be optimally exploited to irrigate new areas.

On the other hand, Dr 'Abd-al-Ghani al-Gindi, Professor of Agricultural Engineering at 'Ayn Shams University, estimated Egypt's water resources at 74 billion cubic metres, its needs standing at only 53 billion. He predicts that the surplus of water in the year 2000 will reach 21 billion cubic metres which will be sufficient to irrigate three million feddans. He concludes that the government

plans to reclaim around 2.8 million feddans by the year 2000 by applying suitable irrigation levels and techniques.

### Internal Affairs

#### Nasserite Leader on Muslim Brotherhood Talks

92AF1060A Cairo AL-AHRAM AL-IQTISADI in Arabic  
6 Jul 92 p 23

[Interview with Farid 'Abd-al-Karim by 'Abd-al-'Azim Darwish, place and date not given; first six paragraphs are AL-AHRAM AL-IQTISADI introduction]

[Text] In the first part of his interview, one of the most prominent Nasserite figures, Farid 'Abd-al-Karim, refrained from letting his remarks reveal the practices of the Nasserite Democratic Party, which confirms that they are only remarks that do not rise to the point of dispute or struggle.

In the second part, "today," 'Abd-al-Karim reveals his determination to have a dialogue with the Muslim Brotherhood. He is determined to go ahead on this road, which is in complete contradiction to his previous point of view on the practices and activities of the Brotherhood, whose members believe themselves to be among the "casualties of the revolution," who cannot be brought together by a dialogue with the Nasserists.

However, Farid 'Abd-al-Karim believes that over the past two years the Muslim Brotherhood has shifted its practices and orientation to the same position on which the Nasserites stand.

'Abd-al-Karim also believes that the Brotherhood's move to the Nasserists' position does not mean that the two sides agree on all issues, "for there are also areas of disagreement between the two currents." However, he asks that this shift be taken advantage of, and that the Nasserists open their hearts and minds to encourage this new direction of the Brotherhood.

Even though he is preparing to hold the first sessions of the dialogue with the Brotherhood, he thinks it unlikely that this will happen, because "the Nasserite Democratic Party has not started its political activity yet, but when it does, the issue of dialogue with the Brotherhood will be at the top of the party's priorities; in fact, we will make them do it."

It seems that the expression "make them" has given 'Abd-al-Karim away and revealed that his group, "members of the Nasserist Arab Socialist Party" is committed to controlling the Democratic Party, despite his assurances on more than one occasion in the interview that his group is anxious to melt completely into the Nasserist Democratic party, which it is satisfied is the vessel to nurture and organize them in the area of official legitimacy.

Herein is the second part of the interview:

[Darwish] On the basis of your own statement, made in the first part of the interview, we believe that you are only a member in the Nasserist party. Does not your insistence that "SAWT AL-'ARAB" be brought back represent a kind of interference in the affairs of the leadership of the party, affairs that ought to remain removed from the dealings of the ordinary members in the party?

['Abd-al-Karim] There is a difference between insistence and opinion. All I have done is express advice and counsel, for everything must be done through consultation. I do not aim to impose my will, and the proof of that is that AL-SAWT AL-'ARAB has not yet been issued. This does not anger me because I consider that the agreement and disagreement of opinions is enriching. But this does not mean that I will be quiet in expressing my opinion, but at the same time this opinion of mine does not represent a conflict or a difference or a split. In this regard I say that I am convinced of the need for an exchange of views.

[Darwish] It is being said that the signs of dialogue between the Nasserists and the Muslim Brotherhood are on the horizon, and that it has stirred up a dispute that has torn apart the ranks of the Nasserists.

['Abd-al-Karim] There is a reason for that. It is one of the marvelous positive signs that have appeared over the past two years, that the Muslim Brotherhood has shifted to the position that we take in confronting two basic issues: the issue that America is the main enemy of this nation and that Arab nationalism is a foundation and that it is not unbelief and it is not incompatible with the Islamic domain. During the past 64 years the Muslim Brotherhood has believed that America is a friendly state, and that its interests could not be incompatible with the interests of this nation, and that calls for Arab nationalism were unbelief, and that there must be calls for an Islamic domain, as if Arab nationalism were contrary to Islam. This changed during the past two years, and the Muslim Brotherhood has come to take the same position that we do, and it has defined exactly who the enemy is and who it was who has determined to expel us from our country, and it has recognized for the first time that it was America. It realized once again that there is no contradiction between Arabism and Islam, or between Arab nationalism and the Islamic mission. In this climate we must open our hearts in order to accept that and to nurture, encourage, and profit from it, because countering American and Israeli hegemony in the region requires that all forces be firmly united, and that dialogue be established on this issue. That does not mean agreement on all issues between the Nasserists and the Muslim Brotherhood; in fact there is an issue on which we strongly disagree with the Muslim Brotherhood, especially with regard to the social dimension and the achievement of social justice for which we strive, and the accomplishments of the June 23 revolution which are contrary to their interests since they view themselves as representing the revolution now in Egypt. The second thing is that we disagree on the analysis. We clearly

disagree with them on the social aspect, for they give money a special exaggerated holiness, and they are against social solidarity, or socialism in its true meaning, and consider it unbelief, but we consider it something necessary that does not go against Islam. We are not saying that Islam calls for socialism, rather we say that everything is permissible except what has been excluded by an explicit text. We say that everything is legal as long as it achieves good, and that socialism is what strengthens society because it brings about justice, and government is based on justice.

[Darwish] Have there already been sessions of dialogue between you and the Muslim Brotherhood?

[Abd-al-Karim] So far there has not been any session for dialogue, none has been held. But in fact an attempt is being made at the level of the Arab world to bring together revolutionary, political forces, including the Islamic current and the nationalist forces. We are in the forefront of the nationalist current, indeed we practically assert that the Nasserists are the nationalist current in the Arab nation, and we are trying to bring together these revolutionary forces. They have already come together, and there is a committee to coordinate among the revolutionary currents in the Arab nation—nationalist—Islamic—progressive Marxist. I personally am a member of this coordinating committee.

[Darwish] Where was this committee formed?

[Abd-al-Karim] It was formed at the conference for dialogue among progressive and revolutionary forces in the Arab nation, and it meets in Tripoli in Libya. It has the right to meet anywhere; however, the meetings that have been held took place in Surt then in Tripoli. I was selected because I was the chairman of the conference sessions at this stage. There strong relations were formed between me and the Arab Islamic political leaders, and I hope in fact that objective dialogue will arise between the Nasserists and the Muslim Brotherhood, without anyone renouncing his precepts. That is the wish, but what is said about there having been sessions for dialogue between the two sides is a fabrication, and it has not happened. They say that Farid 'Abd-al-Karim's faction is trying to go it alone. No, that has not happened, and I say that Farid 'Abd-al-karim's faction is fully content to dissolve completely and finally into the Nasserist Democratic Party under the leadership of Da'ud or of whoever is chosen in the next 6 months.

[Darwish] On more than one occasion you have mentioned that dialogue would never bring the Nasserists and the Muslim Brotherhood together, due to the fact that the Muslim Brotherhood see themselves as victims of the July Revolution and dream of revenge against it. So why the contradiction now?

[Abd-al-Karim] That was the prevailing view two years ago. The Muslim Brotherhood had been a part that al-Sadat used to strike at the Nasserists, and the Brotherhood did not believe that America was the number one enemy of the Arab nation until after the Gulf war. We

did not believe that there was a contradiction between Arabism and Islam, and I say that over these two issues we have to open our minds and hearts so that we may embrace one another and exchange views and leave the two other basic issues unresolved, namely the issue of social justice and socialism, and the historical issue.

[Darwish] Have arrangements been made to hold a dialogue session to bring the Nasserists and the Muslim Brotherhood together soon?

[Abd-al-Karim] Soon, no—because the Democratic Nasserist Party has not yet made its policy, but the day that it does, this issue, "dialogue with the Muslim Brotherhood" will be at the forefront of its tasks, indeed it will make it so!

#### Head of Arab League Interviewed on Current Issues

92AF1212A Cairo AL-AHRAM AL-DUWALI in Arabic  
27 Aug 92 p 9

[Report by Mahmud Murad on interview with Arab League Secretary General Dr. 'Ismat 'Abd-al-Majid by a press pool organized by AL-AHRAM PRESS AGENCY at AL-AHRAM's Panorama Hall; date not given]

[Excerpts] Arab League Secretary General Dr. 'Ismat 'Abd-al-Majid will begin a three-day visit to Pakistan tomorrow at the invitation of its prime minister and will then go to Indonesia at the invitation of President Suharto to attend the nonaligned summit there. Dr. 'Abd-al-Majid had returned from a five-day visit to Spain at the beginning of this week.

Between the two tours and amidst numerous engagements, the Arab League secretary general was the guest of an Arab press meet organized by AL-AHRAM PRESS AGENCY and attended by Arab press representatives accredited to Egypt. A long 2.5-hour interview was conducted and it dealt with the issues raised in the Arab arena and with how effective is the Arab League and its mechanisms in dealing with the existing problems, beginning with Southern Iraq which poses the threat of secession, the ongoing peace talks in Washington, and the Somalia catastrophic tragedy, and ending with the "split" Arab solidarity and with other matters that create the Arab citizens' concerns.

At the meet, held at AL-AHRAM's Panorama Hall, Dr. 'Ismat 'Abd-al-Majid revealed some secrets, especially since the start of the Gulf crisis to the positive outcome of the efforts to release Iraqi prisoners. The questions were as follows:

[AL-AHRAM AL-DUWALI] Why has the Arab League's role receded since the Gulf crisis? The league confronted the Camp David crisis in 1979 and it is now facing the gulf crisis. Is there a way out?

[Abd-al-Majid] [passage omitted] The Gulf crisis is unprecedented in the Arab world. Nothing similar to the

events of 2 August 1990 had happened in the Arab world history since creation of the Arab League in 1945. Perhaps you are aware that the Arab League charter contains very clear provisions to condemn such acts. Article six of the charter speaks of the consequences and stipulations emanating from aggression by one Arab country against another. Moreover, the joint Arab defense treaty contains clear rules and principles for dealing with such an affair. So, such issues are codified and regulated.

We were surprised by what happened in August 1990. The League Council, which happened to be present in Cairo by chance, convened. It was attended by 21 ministers who had been in Cairo to attend the Islamic Conference which held its 19th session in Cairo for the first time on 29 July 1990 and which was attended by the foreign ministers of more than 40 Muslim countries who are members of the Islamic Conference Organization, including the 21 Arab ministers I have already mentioned. We held our meetings at the Conferences Palace in Nasr City. [passage omitted]

Initially, it was thought that the event was an operation to seize two police stations and al-Rumaylah field, namely the area Iraq had been demanding. But in another call [from the Kuwaiti ambassador] at 0430, he said that what had taken place was an all-out invasion. At this time, Dr. 'Abd-al-Rahman al-'Awadi, the head of Kuwait's delegation to the Islamic Conference Organization, demanded that the Arab League Council hold an urgent meeting at 0930 on Thursday at Samiramis Hotel. The council convened and a draft resolution containing three provisions was submitted:

Provision 1: Condemnation of the Iraqi aggression.

Provision 2: Withdrawal of the Iraqi forces.

Provision 3: The restoration of legitimacy to Kuwait.

Numerous developments occurred on that day, of course. I recall that Ibrahim Nafi', AL-AHRAM chief editor, has published a chapter in his important book on this important issue. I lived with this tragedy and it was evident that the Egyptian leadership was eager to stress that what took place was an aggression in every sense of the word and that it had to be confronted, especially since the endeavor President Mubarak had made on 24 July had sought to contain this crisis.

Iraq's delegation to the Islamic Conference was headed by Iraqi Minister of Interior Husayn 'Abd-al-Wahhab who had left Cairo for Baghdad on Wednesday, 1 August, and who was replaced by Ambassador Wisam al-Zahawi from the Iraqi Ministry of Foreign Affairs.

On Thursday, 2 August, the League Council met under the session chairmanship who happened to be Faruq Qaddumi. The meeting was attended by all the Arab foreign ministers, including Kuwaiti Foreign Minister Dr. 'Abd-al-Rahman al-'Awadi. Chadli Klibi, the Arab

League secretary general, attended on behalf of the league. It was a very tense meeting.

On Friday morning, I was notified, in my capacity as Egypt's foreign minister, that Sa'dun Hammadi, the deputy prime minister for planning affairs, would arrive from Baghdad to head the Iraqi delegation to the Arab League Council. [passage omitted]

At the meeting that was held at 1800 on Friday, the draft resolution was submitted to vote and 14 members voted for it and one, namely Iraq, against it. Six members abstained. Legally, this means that the resolution was adopted and that the League Council had adopted a resolution endorsing the three provisions I have mentioned.

Within this context, I find it necessary to note a point which I find important.

As long as we are talking about this crisis and about how it started and how it developed, we must be frank, especially since I lived with and experienced that period. This crisis continues to exist with its consequences and we continue to live with it today. But the question is: Until when?

I am not here to regurgitate the past. But I say that on the day I assumed the honor of shouldering this responsibility as league secretary general on 15 May 1991—the day I was elected Arab League secretary general unanimously—I delivered an address in which I defined my concept of Arab action in the coming phase. The address is on record. There is no need to elaborate. I will only note one sentence I said in that address: The Arab world can never waver and no part of it can dispense with the other. Inversely, it has to move toward greater solidarity and integration in the coming phase.

[AL-AHRAM AL-DUWALI] How can we benefit from this ordeal and avoid repeating its mistakes?

['Abd-al-Majid] I do not say that we should forget the past and let bygones be bygones. But neither can we live on the past all the time. [passage omitted]

If there is a lesson that we can learn from this event, it is that we have to overcome all the existing negatives, and this is not a fantasy.

We must use what is happening now in connection with the Palestinian issue as an example. Let us consider how the Palestinian issue is being tackled. Then let us backtrack to 10 or 15 years ago and consider how it was being tackled then. There is no doubt that we are witnessing positive developments now. Here are elements like Hanan 'Ashrawi and others who have demonstrated and proven their presence and have penetrated the terrible barrier and blockade imposed on us. This makes it clear that we have the ability to work and to confront our problems if we steer away from the language of slogans and hollow words. But at times, we are not aware of the dimensions of our capabilities and at other times, we

slight or belittle them. This is unsound. It is not necessary to exaggerate or belittle. What is required is that we learn the true and realistic weight of our capabilities.

I say that the real weight of our capabilities as an Arab homeland is very great. True, there are negatives. But where is the place where no negatives exist? I would like to add, and it seems that I have dwelt too long on this answer, that we are experiencing a crisis. This is true. But if we take advantage of the learned lesson, then by God we will benefit from this crisis.

[AL-AHRAM AL-DUWALI] Even though we are aware and certain that the Arab League reflects the collective will of the Arab governments, there is a question that will arise repeatedly, namely: When will the Arab League become an effective and influential force? I do not wish to make it like the United Nations. But (when will the league be able?), for example, to intervene effectively with military force, should the circumstances arise, to put a stop to acts of aggression against a country or to end a civil war, such as the ongoing war in Somalia? How can this be accomplished? If the matter requires amending the Arab League charter, then a lot is being said about amending the charter, about a court of justice, and about a proposal to form an Arab defense council that includes the Arab ministers of defense. I believe that the Arab citizen is asking: When will the Arab League become a force that has instruments to use decisively in crises?

[Abd-al-Majid] To begin, we, as Arab citizens, must realize deep in our hearts that we constitute a constructive force, that we are not weak, that latent strength surfaces at times, and that it unites at times of crises. As an organization, the Arab League combines independent and sovereign states, of course. In 1945, the league was founded with seven states. Now, it includes 21 Arab states and it is [still] governed by the Arab League charter that was established in 1945. There is nothing wrong with this charter. In my personal opinion, the fault is in us.

Some Arab states have caused this charter to be weakened. Yet, it is very possible to amend it. Instead of consensus, one can have majority. This is possible. The question of establishing an Arab court of justice to settle disputes by judiciary means is very likely. This question is before the League Council. The presence of an Arab parliament is also possible. It is my belief that the Arab wills must meet. It is true that this is difficult and that it cannot be accomplished overnight. But it is possible as long as we truly want it. This is why we must be committed in our positions, our deeds, and our words. The developments occurring in the world have provided us with living examples. Who could have imagined the Soviet Union collapse after 70 years of domination?

The inverse could happen regarding the Arab states that are currently divided. They could become strong and united if we channel our forces properly. [passage omitted]

How can we clasp each other's hands? We should act in solidarity and cooperate. If we disagree, we should try to overcome our disagreements with dialogue. There has to be a real awareness of our capabilities. This is my theory for the coming phase.

Conditions change daily and change is the only constant. This is my opinion. I wish to assure you that I am not a theoretician and that I do not live in an ivory tower. I live the reality.

[AL-AHRAM AL-DUWALI] Excellency, you have referred to the developments occurring in the Palestinian arena, of which the most important are, perhaps, a flexible mentality and a strong performance. We, in our turn, will now ask about the Arab League's role in the peace talks and in the Washington conference, especially since it had been projected or said that the Arab League could have participated as an observer in the peace talks. In another regard, if you will permit me, where does the Arab League stand vis-a-vis what is happening in Iraq now? What I mean is: What is the league's role vis-a-vis the role the United States and the west are playing in connection with the Shiite issue in Southern Iraq?

[Abd-al-Majid] To begin, we have agreed that there has been development regarding the Palestinian issue and that this development is still ongoing.

As to where the Arab League stands vis-a-vis the peace process now, I would like to say that in September 1991—and I assumed my responsibility in May 1991—the League Council met at the foreign ministers level. The League Council holds two sessions annually: One in September and one in March. In September, the League Council adopted resolution 5092, an important resolution welcoming the peace conference, supporting the position of the countries negotiating at the peace conference, and asking that they coordinate with each other through cooperation with the Arab League. This resolution was adopted on 12 September 1991, keeping in mind that the first peace conference [session] was held at the end of October in Madrid. What this means is that for the first time, the Arab political position has taken a clear and explicit stance toward the peace process. This is something that had not happened before. I consider this to be a major development, keeping in mind that attendance was at the level of foreign ministers and that nobody expressed any reservations.

As for the point concerning the presence or nonpresence of the Arab League in the current peace conference, I will say very frankly that if the Arab League is asked to participate, then we are ready and prepared. [passage omitted]

Regarding the Iraqi issue, I have expressed my opinion and warned against partitioning Iraq. I have also said that no interest is served by the creation of a Kurdish, Shiite, or Sunni state in Iraq. Never. We are eager not to have military escalation in this regard.

[AL-AHRAM AL-DUWALI] Where are the effective mechanisms that the Arab League possesses to heal the rift or to intervene promptly in problems that have begun to arise or that will arise? Where is the joint Arab command? In addition to the secretary general, there is supposed to be a joint Arab command that controls a military division. I believe that the Arab League needs to create and innovate a new system of Arab action. Here, I wish to add to what Mr. Mahmud Murad has said by saying that the Arab League is a league of governments. We want it to be a league of governments and peoples because official wills always spoil Arab action.

I have a proposal, and its gist is that your excellency create a press congress that is tantamount to a gathering of Arab journalists and that works to bolster your tendencies in this regard, i.e., a scenario by which cultural, literary, political, and informational leaders are combined and through which you can move.

The second thing is that the ordinary Arab citizen views the league as nothing but meetings and statements that produce no benefit. It is my belief that what the Arab citizens want is that you act because here is a danger that is posing a threat to Iraq and that could threaten any other [Arab] country. The same applies to the Hala'ib issue and to the Kuwaiti prisoners issue. What about the Damascus proclamation and the Arab League's role in this regard? What about Afro-Arab cooperation? We recall a conference that was held during the late President Jamal 'Abd-al-Nasir's days. It was very successful. But this cooperation has declined since then.

Questions then followed in succession, including: Why have you not made a single visit to Iraq? What is the Arab League's vision of this serious crisis that is threatening Iraq? We wish to know what follows the gulf crisis and how we can overcome it. What is the Arab League's role in acquainting the Arab people with urgent issues, of which the most important is the human rights issue?

['Abd-al-Majid] Regarding Iraq, it has agreed to all the Security Council resolutions, and we hope that the abnormal condition existing at present will be ended. The Iraqi and Kuwaiti prisoner issue is a humanitarian one. Some progress has been made on the situation, and we continue to follow up on it.

As for the Iraqi people's hardship, I support lifting their hardship. Some efforts have been launched to alleviate this hardship successfully. These are humanitarian issues.

As for the Somalia issue, we have discussed it. I have said that the responsibility falls on the shoulders of the Somali leaders. They are responsible for the Somali people's ordeal. The modest contribution made by the Arab League has been in the form of a number of Egyptian physicians who volunteered to go to Somalia. I have met with three of those who returned from Somalia yesterday. I laud their efforts. We, as an Arab League, financed these physicians. There is cooperation between the Arab League and the United Nations, especially on

the Somalia issue. The United Nations has helped us establish an Arab League mission in Somalia to help and assist there. The UN mission is supervised by Mohamed Sahnoun, an Algerian. I have met with him and we have coordinated on these issues.

The Damascus proclamation is the subject of discussion, and it must be approached with a great deal of understanding because not all that is not understood is abandoned. These concepts will help us develop our conditions.

We are eager to develop a solution to Egypt's and Sudan's Hala'ib. The Arab League hopes that talks between the (two sides?) will lead to a solution between them. An understanding has to be reached on this issue.

Regarding the Arab human rights issue and the league's role in acquainting the Arab citizen with the importance of human rights, yes, this is a role that is required more urgently today than ever before. Human rights have now become a part of national awareness in many countries. There is no doubt that there have been some developments to establish these rights in the Arab world.

We are concerned with human rights in Palestine and Somalia and we are eager to rescue the Muslims in Bosnia and Hercegovena. This is a tragedy. We believe that what is taking place is tantamount to crimes against the Muslims and the Croatians, i.e., against both Muslims and Christians. This is unacceptable.

Perhaps I should speak on what has been said about the Arab League's mechanisms. There is a plan for an Arab court of justice. When approved, it will create an Arab court of justice that will be comprised of seven judges and that will consider Arab disputes, especially border issues, thus doing away with the use of nonpeaceful means. There are interests that will be accomplished by Arab solidarity, including economic interests which top the list of issues the Arab world is experiencing. We must realize that the Arab League has no magic wand with which to change the consequences of the August 1990 events and to transform those events into embraces and kisses.

Regarding the league's information role, I welcome the dispatch of a league-sponsored information delegation to Mogadishu to investigate the facts and to determine what the league can do in this regard.

As for my not visiting Iraq, I hope that the circumstances will permit me to go to Iraq shortly. I should note that I will meet with some Iraqi officials, in addition to meeting with the permanent Iraqi delegate to the Arab League.

Regarding the Southern Iraq issue and the Shiite issue, I reaffirm what has already been stated, namely that we oppose partitioning Iraq and support its unity. I recall that Iraq's representative at the league visited me yesterday and that we discussed the matter. He did not

request that the League Council convene. He only asked that we proclaim our opinion, and we had done this before his visit.

Regarding the Kuwaiti prisoners in Iraq, it is a humanitarian issue. We have been familiarized with it by the Kuwaiti brothers and we have held successful contacts with the Iraqi brothers who have responded to us. Two days ago, 71 Kuwaiti prisoners were released. The Iraqi brothers have told us that another group will be released next week.

Thus, the contacts made by the league have been successful. The Kuwaitis have presented to us a list including 850 prisoners.

Regarding Afro-Arab cooperation, I say that the league has now the Arab Fund for African Aid. It is financed by Arab countries and its main task is to spend on Arab experts who go to non-Arab Africa. This fund is in operation currently and it has covered the expenses of Arab experts to African countries. The African brothers cooperate with these experts.

Dr. 'Abd-al-Majid then talked about his upcoming tour, saying, "in response to an invitation from Pakistan's prime minister, I will pay a three-day official visit to Pakistan. In response to an invitation from President Suharto to attend the nonaligned summit, I will visit Djakarta. This, in fact, is the objective of the visit. The Arab League attends African summits and nonaligned summits."

### Fundamentalist's Strategic Points Outlined

92AF1279A London AL-HAYAH in Arabic  
16 Sep 92 p 5

[Article from Cairo]

[Text] The final results of the Egyptian Bar Association's elections were a big surprise when the Islamic trend won the largest number of seats. Political activity within this association, in its long history of more than 80 years, has been associated with other political streams such as the Wafd, the Watani, the Nasserites, and the Marxist parties.

Fundamentalists, represented by the Muslim Brotherhood, have penetrated the bar association with great strength. Their latest victory in the association's elections has left them in control of more than 80 percent of all professional union seats in Egypt. Although fundamentalists had been in seclusion for about 25 years, their activities were revitalized in the 1970's with the resurgence of pluralism.

In the 1980's, the Islamic movement adopted a plan aimed at the gradual control of professional unions. This plan, which has been well implemented over the last 10 years, enabled this stream to dominate two principal areas of influence. The first of these was to get the largest number of seats, and the second dealt with governing

union activities and directing the unions in ways that would serve the fundamentalist's interests.

Fundamentalist's activities were demonstrated in the following accomplishments:

- The organization of operations for recruiting and mobilizing cadres all over the Republic. Through these operations they could control any fundamentalist movement member's activities, and find out his adherence to both advisory and guidance instructions, which would have been issued by the movement's head office.
- The planning of nontraditional issues based on the circumstances of each union.
- The beneficial allocation and spending of election campaign financial resources. This feature made the electorate realize the trend's strength and the extent of its influence.
- Forming alliances with other parties during election time. Election alliances, which create a front, differ from other types of alliances when it comes to tackling major issues. The method of tackling issues would also differ according to the nature of each election, the electorate's personality, as well as the extent to which voters could be influenced.
- Dependence on political slogans with historical significance in struggle movements, even though they may not be as well spread in the professional arena. The successful use of such slogans happened in Ahmad Sayf al-Islam Hasan al-Banna's case, when he got the highest percentage of votes from the association's members, although he was not a famous lawyer.
- The dependence on "inflammatory" slogans that are at the foremost of election campaigns and on programs that are full of facts and easy to understand, not only for professionals, but also for laymen.

Such planning lead to the fundamentalist's almost complete control over professional unions, which lead to daily pressures on the system, exemplified by the following:

- An increasing degree of politicization of professional unions, particularly concerning freedom, democracy, and human rights issues.
- Endeavors to color professional publications with the fundamentalist's ideology, which dominates the unions' councils.
- In some cases, the roles of branch unions became more powerful than those of the general union. This was due to both the influence of some members of these branch unions and the extensive activities fundamentalists in these regions had.
- The emergence of union presidents as public figures whose personalities are even stronger than those of political party presidents.
- Endorsement of negotiations with state agencies regarding professional and political issues. The fundamentalist movement presently dominates unions of the following professionals: engineers, physicians, dentists, veterinarians, pharmacists, traders and

lately that of lawyers. In this latter union, fundamentalists won 11 seats; the Wafd, three; al-Watani, two; Naserites, two; al-Tajamu', one; and al-'Amal, one.

Work on the boards of professional unions dominated by fundamentalists is conducted as follows:

- Submitting new policies to eliminate unemployment among the educated. Education is not considered a goal in itself, but a means of getting a job. Labor force planning is an important principle that should precede planning for proper education.
- Organizing special seminars that deal with popular issues such as those of freedom, improper practice of democracy, security agencies' limitations in dealing with citizens, and, lastly, the human rights issue.
- Organizing union committees that have slogans related to nationalism, such as the committee for defending the Afghan mujahidin, the Bosnia-Herzegovina aid committee, and the Somali relief committee. These union committees succeeded in organizing volunteer groups to travel abroad and to contribute in finding solutions to some issues through professional methods.
- Union boards that are under the influence of ideological trends would issue statements that clarify their stand regarding certain issues. This stand may be in opposition with the official stand. This happened, for example, in the case of Israel's action in the occupied territories and also with regard to the issue of the Middle East multilateral negotiations.
- Attacking new Egyptian legislation that fight terrorism and extremism.
- Coordinating with officially undeclared political powers on handling of some issues. Among these issues are: asking the president to resign his leadership of al-Watani party, abolishing the emergency laws, lifting press restrictions, and eliminating all restrictions imposed on unions and their activities.

#### **Al-Azhar Official Calls For Dialogue With Islamists**

92AF1030A London AL-SHARQ AL-AWSAT in Arabic  
26 Jun 92 p 16

[Interview of Shaykh Sayyid Mas'ud; "Cairo From Basyuni al-Hulawani: An Interview With Al-Azhar Deputy Shaykh"; "Muslims Seek a New Stage of Cooperation With All Peoples"; "Opening Dialogue With Islamist Youth Necessity"; place and date not given]

[Text] Shaykh Sayyid Mas'ud, Deputy Shaykh of al-Azhar and Secretary General of the Islamic Research Academy in Egypt, called upon Islamic institutions and organizations inside and outside the Muslim world to start a new stage of cooperation to combat new challenges and plans as well as political and economic ambitions that target our Islamic societies. In his interview with AL-SHARQ AL-AWSAT, he said that the waves of attack and slandering against Islam and Muslims that are increasing daily in the Western societies are

a prelude for a new era of aggression and domination over the destiny of the Muslim nation. The Deputy Shaykh of al-Azhar cautioned from the negligence of the Muslim world to plan any world order or international blocks, he stressed that this negligence will not achieve international peace, security, and stability that all nations aspire to in the coming era. He stressed that Muslims in all societies welcome the enhancement of their political, economic, and cultural relations with all the countries regardless of the difference in religion and political and social systems, as Islam calls upon us to keep in touch with all nations and cultures and cautions us from isolation from the international community.

[AL-SHARQ AL-AWSAT] In the beginning I said to the Deputy Shaykh of al-Azhar and Secretary General of the Islamic Research Academy, there are numerous accusations by many of the religious scholars recently who think that the Islamic institutions and organizations live isolated from the problems of the society and the challenges that face the Muslims. They also lack coordination and cooperation. What is your comment?

[Mas'ud] Some of what you said is true while some is a little bit exaggerated. It is true that Islamic institutions and organizations lack coordination and cooperation that are necessary to face the challenges and plans that target the Islamic nations. Lack of coordination and cooperation is a waste of effort especially in the international arena. To say Islamic institutions and organizations live in isolation from the problems of the societies is an exaggeration because, if they did, they would have lost the reasons for their existence. We have to realize that political problems, social pressures, and intellectual trends hostile to the Islamic thought, which became very active in our Islamic societies, represent not only a difficulty but also obstacles for the activities of the Islamic institutions and organizations. Especially that most of the activities of these institutions are of a preaching type while the Muslim who could not find a shelter or sustenance will not listen to anybody and will break all laws and norms in order to survive. This is in addition to the fact that the alien behavioral types that represent a cultural and social invasion play a great role in forming the trends and behaviors of Muslims both young and old. All the efforts exerted by Muslim preachers over many months would be offset by an indecent scene in a movie or a play. In addition, in many of our Islamic societies, there are some trends aimed at distorting all that is Islamic in order to separate Islam from the political, economic, and social life of the Muslims. It is regrettable to say that some of the media outlets have accepted these ideas with open arms and given their proponents more than they deserve while neglecting those of sound enlightened Islamic thought. All of these challenges represent obstacles for the efforts of international organizations and institutions.

#### **An Islam That Rejects Violence**

[AL-SHARQ AL-AWSAT] There are many murder cases and violent occurrences being attributed to the youth of

the Islamic groups. What is the position of Islam towards these incidents and what is the role of the Islamic institutions and organizations in correcting the alien ideas that led some of our youth to violence and terrorism?

[Mas'ud] Islam rejects the methods of violence, terrorism, and murder that some of our youth resort to. This is a clear fact as our religion induces us to tolerance, forgiveness, and constructive intellectual dialogue with those that have other ideas in religion, thought, and methods. The role of Islamic institutions and organizations in correcting the thought of the youth is a vital one and is at the top of its priorities. The organizations and institutions of Islam in Egypt have exerted great efforts in this respect, but the problem is that the youth do not listen to the direction and advice of the Muslim scholars. We have to continue our dialogue with them because they are our sons and we have to protect them against the intellectual trends that have nothing to do with Islam.

#### False Rumors

[AL-SHARQ AL-AWSAT] Some say that the activities of al-Azhar have decreased as of late especially in the field of cultural and religious activities in the Islamic world. What are the reasons for this?

[Mas'ud] These are false rumors that target al-Azhar and its activities in the Islamic world or in the areas where Muslims are minorities. The fact is that the activities of al-Azhar have more than doubled as of late; for example, we have preachers and religious scholars representing al-Azhar in most of the European, Asian, and African countries, and most of them are paid by al-Azhar. We also have teachers and university professors from al-Azhar in most of the institutes, universities, and educational institutions in the Muslim world. Al-Azhar is always eager to supply the educational and cultural Islamic institutions with references and curricula and welcomes every constructive and fruitful cooperation with international, regional, and national institutions and organizations. In addition to that, the numbers of Muslims worldwide that are received by al-Azhar and al-Azhar University have doubled. It is worth mentioning that these students are receiving complete financial support during their study so that they would go back to their countries of origin and carry the torch of al-Azhar there. I would like to add al-Azhar receives in its institutes and universities Muslim students from 83 countries. This is in addition to the Islamic scholars that visit al-Azhar for a three-month training period to prepare them to work in the field of Islamic preaching in their countries.

[AL-SHARQ AL-AWSAT] After the collapse of communism there were many waves of attack and accusations against Islam and Muslims in many regions of the world. What is your explanation of this phenomenon especially now that the world is looking for a new era of cooperation through the new world order?

[Mas'ud] These accusations and suspicions are not new. But the western world was not as afraid of Islam as it was of communists and socialist regimes. As these regimes represented its major challenge. But after the collapse of communism it was time to deal with the secondary challenge which was Islam and some of the western leaders have said so publicly. I think that these accusations against Islam are a prelude to a stage of aggression and physical and intellectual assignation of Muslims. The proof of that is taking place in Bosnia, Hercegovina, Burma, and other countries. These aggressions against Islam and Muslims aim at fostering conflicts between Muslims and non-Muslims which in turn affects international relations and the hopes of the international community in peace and fraternity within the framework of the new world order. Neglecting the Muslims in this new world order would cause its failure because the Muslims represent a physical and economic power that could not be neglected in our world today.

#### Islamic Coalition Member's Views on Sectarianism

92AF1294A Cairo AL-SHA'B in Arabic 22 Sep 92 p 6

[Article by Jamal Asa'd 'Abd-al-Malak]

[Text] Sectarian mentality and conduct are without doubt a part of all areas of our lives, as we have mentioned in previous articles. This is especially true in elections, whether they are parliamentary, local, or trade union elections. In any elections, tribal, emotional, and sectarian tendencies come out; tribal and emotional tendencies show up in ordinary citizen elections, such as parliamentary and local elections; and sectarian tendencies are obvious these days in trade union elections, especially those of the engineering, pharmaceutical, and medical unions, and lately the lawyers union [bar association].

These unions include some of the best-educated and knowledgeable Egyptians and are considered the main arena for political activity outside of the parties. This activity is not conducted under any party or ideological name, but is primarily a representation of Egyptian unionism.

We have seen the results of such elections, which are dominated by these tendencies. This election environment is undoubtedly sectarian and is managed in a sectarian way by all those involved. The method of choosing candidates, voting for them, and the results are therefore all sectarian. How could this method and form of elections lead to any kind of unity between members of the Egyptian people?

Let us be frank, as we have always been since we started our dialogue with AL-SHA'B. We are calling for the rejection of sectarianism and the rejection of sectarian conduct and sectarian mentality. This is a call to change the present sick and unhealthy reality, which is the

sectarian method of conducting elections. With sectarianism, the results undoubtedly do not represent the Copts, whose numbers are fewer.

The latest parliamentary elections, which were conducted using the individual [versus slate] form, resulted in the election of only one Copt out of 444 members. Is this true representation? The elections for the Advisory Council were similar. As for union elections, things were even worse. There was absolutely no representation of Copts despite their prominent presence in the membership of some trade unions. Am I demanding special rights for Copts? Absolutely not. I will never be a sectarian and ask for such sectarian rights. I am not alone in taking this position. The Copts, the church, and all Egyptians stood against the British imperialists and against some of the voices that demanded such sectarian rights during the drafting of the 1923 Constitution. These positions have resulted in the rejection of such sectarian demands in the past and will forever result in their rejection. The Egyptian people are one people who share one heritage, one history, the same aspirations, and the same problems.

So, if the present sectarian way of managing elections results in the nonrepresentation of Copts, and if we all, for the good of Egypt, reject sectarian representation in any form and at all levels, then what is the solution? Are we all going to accept the nonrepresentation of Copts as part of the Egyptian people? I say to the "Copts," not in any sectarian sense, but in response to the sectarian conduct that is evident now in general and union elections. Until we all reject sectarianism and until people choose the best qualified person, regardless of religion, I ask, what is the solution?

I will offer my personal experience with the Islamic coalition as one solution to the sectarian problem. I was nominated as part of the Islamic coalition slate in the Governorate of Asyut. I was at the top of the slate. This initially led to my rejection by some whose slate members endorsed me. Copts did not sympathize with me because I was nominated on the Islamic coalition slate, and Muslims did not sympathize with me because I was a Copt. This continued until the last days before the election when the General Leader of the Muslim Brotherhood issued a statement requesting and calling for the election of Jamal As'ad, the coalition's nominee for Asyut. God willing, I became a member of parliament, representing the Islamic coalition. We had many disagreements and many agreements on many national issues in the parliament. It was a unique and great experience that will be recorded in history. Through this experience, I ask: "Why should election slates for trade unions, and I mean the Muslim Brotherhood slates, not contain Coptic names?" This way Copts could win and be represented, and we would therefore set a clear and great example. It would be a living example of the brotherhood of members of the nation and would bring to life the slogan of "What is ours is also the Copts' and what we owe, they owe."

The Copts cannot not be represented in this sectarian atmosphere except through these special methods. All must cooperate, not in a sectarian way, but to represent all Egyptians, Muslims and Copts. This method should also be used in Assembly and Advisory Council elections. The political powers must attempt to spread the spirit of brotherhood among Egyptians by nominating Copts in some districts, as was the case before July 1952. This was especially true when the Wafd party won a majority of the seats, and the Copts had a share larger than in any other party. The majority must consider this point, not out of pity or just to show representation. Before we embark on this, we all have to believe that all Egyptians, regardless of religion, are the sons and partners of this nation.

I believe that no one disagrees on this. Actually, everyone supports and reiterates this point, and Islam states and assures the rights of non-Muslims. We should then put these rights into practice, not out of sectarianism, but out of fairness and to achieve the Egyptian dream and a future that includes everyone and in which all lead happy lives.

If that is the duty of the majority, then Copts also have to play a role that is no less important. Their role is to reject isolation and isolationism. The local elections are approaching, and, although these elections are unconstitutional because they are using slates, we call on Copts to participate and to join the party slates, each according to his political leanings and tendencies. The barrier must be overcome by joining the slates and going out on election day to vote for the slate that you see fit.

This is the beginning of the road towards the rights of citizenship, and these solutions are based on the hated reality of sectarianism. But we must start somewhere for us to reach a life free of sectarianism, sectarian conduct, and sectarian thinking, and in which we vote based on patriotism and qualification without any other considerations.

The solution is not sectarianism, but a national Egyptian outlook, where all of us feel that we are Egyptians and that Egypt belongs to all of us. We must confirm the right of all to the nation, a right that is stated in laws and customs, and above all, in religions, especially Islam.

#### **Bishop Discusses Causes of Social Unrest**

*93AF0023B Cairo AL-AHRAM WEEKLY in English  
27 Aug-2 Sep 92 p 5*

[Article: "Editor Blasts Saddam, Replies to Accusation"; quotation marks as published]

[Text] Ibrahim Nafi, editor-in-chief of AL-AHRAM, replies to an attack on the Mubarak administration by an Iraqi government paper. He defends Egypt's Arab record and criticizes the Iraqi regime's inability to learn from its mistakes.

All indications reveal that the Iraqi regime, its government bodies and its president—more precisely, its mass murderer and butcher—has learnt nothing from the stupidity of the invasion of Kuwait and the horrible defeat before the force of the international coalition which pushed the Iraqi invasion forces, broken and humiliated, back into Iraqi territory.

Their latest innovation has been to bandy accusations left and right without the least respect for the truth. This was expressed recently in the charges made by the Iraqi paper AL-THAWRAH, mouthpiece of the ruling Ba'th Party, in which it alleged that President Mubarak had called on U.S. president Bush to launch a fresh military strike against Iraq. According to the Iraqi paper, Mubarak did this for no other reason than to boost the chances Bush may have in the upcoming presidential elections in the U.S.!

In the face of these crude lies, I would like to present the following:

1. The Egyptian political leadership has not called for a military strike against Iraq. On the contrary, Egypt's firm position has been just the opposite. While it appears that no one in Iraq has been seriously following Egyptian policy in this respect, and contacts have been made—causing 'sensitivities' about which it is best not to talk now—in which the Egyptian political leadership has asserted that armed force will solve nothing.

2. The AL-AHRAM newspaper has in no way tried to incite or call for military action against Iraq. AL-AHRAM merely warned that current Iraqi behaviour towards Security Council resolutions may result in a military confrontation between some of the states of the former international coalition and Iraq. We said this, and we continue to assert it irrespective of whether we accept such a possibility or not. There is a great difference between analysing events and developments in a certain way, and urging that these developments should take a specific course.

The problem is that the Iraqi leadership still thinks in the same old short-sighted manner. Apparently, they are now obsessed with the idea that for President Bush to lose the forthcoming presidential elections in the U.S. would be tantamount to a supreme Iraqi victory in the "mother of battles."

In any case, the facts—and reasonable people in Iraq—testify that President Mubarak has been the only Arab leader who warned the Iraqi leadership against the disaster it was leading Iraq and the whole Arab nation towards, as he directed one appeal to Saddam Husayn following another, urging him to stave off the catastrophe that would befall his people and army.

Let us look at the record, Egypt—in spite of having been boycotted by Iraq, whose leader did his utmost to try and isolate it from its Arab nation—nevertheless, decided to

stand beside Iraq and its people during the Iraq-Iran war, basing this position upon a pan-Arab national perspective.

So did AL-AHRAM work to create an Egyptian and Arab public opinion opposed to the Iranian invasion of Iraq and demanding an end to Iranian presence on Iraqi territory. Neither the position of the political leadership in Egypt nor that of AL-AHRAM were motivated by a desire for gain or Iraqi gratitude, but arose from a pan-Arab national commitment to every inch of Iraqi soil.

Egypt's real problem did not lie in not supporting Iraq, but rather in supporting it too far, to such an extent that it appeared to some Arabs and Egyptians as well, that Egypt was dealing with Iraq with too much naive good will. One result of this was that the Iraqi leadership believed that Egypt could be manipulated in accordance with Iraqi designs. This was yet another Iraqi miscalculation.

Egyptian policy—as directed by President Mubarak—originates in principled positions which are not on offer for bids or for sale, such as was imagined by the Iraqi President during his invasion of Kuwait.

Egypt is not inciting anybody to strike against Iraq or to dismember it, for this would open the door for the disintegration and dismemberment of the whole region, made-up as it is of a complex interweaving of nationalities and ethnic, religious and sectarian minorities.

Egypt—enjoying as it has done throughout its history—a solid and highly cohesive national unity, realises very well the kind of dangers and horrors that may result from a process of dismembering Iraq and of transforming its people into so many sects and factions. As such, Egypt formulated its position on the basis of pan-Arab national interests and upon its appreciation of the dangers inherent in national disintegration.

These are the realities of the Egyptian position, but it seems that the Iraqi regime's provocative actions are opening the doors of hell—making it possible for the realisation of certain regional ambitions at the expense of Iraq's unity and territorial integrity, and making of Iraq a springboard from which to leap into the heart of the Arab nation.

The Arab region is facing a very critical moment of its history, one that makes it imperative to formulate a common Arab vision of Arab security and security arrangements, within an overall Arab framework. This is necessary in order to protect Arab wealth and security against the ambitions of non-Arab regional forces which have found in Iraq's misguided invasion of Kuwait a golden opportunity to attempt to realise these ambitions at the Arabs' expense.

**Reinstatement of Local Candidate Slate Scored**

92AF1279B London AL-HAYAH in Arabic  
10 Sep 92 p 1

[Article by Mustafa Amin]

[Text] The Egyptian Government is resolved to carry out local elections according to the candidate slate procedure. This procedure is against the Constitution. The people have rejected it. Opposition parties have attacked it, and the Supreme Constitutional Court has nullified it.

The candidate slate procedure actually means that the government appoints people's representatives in groups and imposes them on the electorates, therefore giving no freedom to the people to express their views or carry out their will.

It seems strange that at one time the government rejected the use of the candidate slate procedure in the People's Assembly elections and indicated its strong adherence to the single-member [district] representation procedure. Then in another turn of events, it went back to the candidate slate procedure.

I think that the reason for going back to this procedure is due to the fact that the government lost many seats in the last elections when the single-member procedure was adopted. Under the single-member procedure, it was difficult for the government to control all constituencies, with the result that a big number of National Party candidates did not win seats. The government was therefore afraid that the same tragedy would be repeated in the local councils elections. Consequently, the government went back to the old procedure, which had been rejected by the people and which the Supreme Constitutional Court had ruled unconstitutional.

This boils down to returning to the candidate slate procedure for the People's Assembly elections, or in other words, to "the dictatorial form of rule." We are going back to those days when the government got 99 percent of votes. We are going back to having People's Assemblies where the opposition's voice is not heard. One of these Assemblies became famous when one of its members performed a belly dance because the government did not resign when Israel occupied a third of Egypt. We are going back to those days when one member of the assembly was expelled from office for daring to speak up, although the Constitution gave the candidate freedom of speech inside the Assembly. We go back to People's Assemblies where members did nothing but applaud the government and blindly give it unanimous support and deputation.

Finally, the government's resolution to follow the candidate slate procedure for local council elections—although those councils have no constitutional power, do not have a mandate to vote no confidence in the government, and cannot question ministers—is proof that the forward steps we had taken can be reversed, and we can take backward steps instead.

**Academic Criticizes State Secularism**

93AF0048A Cairo AL-AHRAM WEEKLY in English  
9 Sep 92 p 5

[Italicized words as published]

[First paragraph is AL-AHRAM WEEKLY introduction]

[Text] Al-Azhar University professor, Dr. Mohamed El-Mosayyer, in AL-AHRAM AL-IQTISADI economic weekly, claims that Islam and politics are inseparable and that criticism of the extremists is frequently religious in nature.

After the assassination of Dr. Farag Foda there was an outcry that the Islamicisation of politics was a crime, that mixing religion with politics was a sin and that sharpening religious feelings was a product of malicious intent. In short, Islamic scholars were to keep their mouths shut about political, economic and social affairs. Things reached a stage where religion itself came under attack and religious concepts were totally distorted if not rewritten. In light of the intensity of the attack, some elementary truths must be emphasised.

Certain leftists who distort the meaning of Islam and claim that there is an Islamic left, have no clear concept of Islam that can be discussed or justified. If they want to express their views, they should attempt to do so clearly and frankly without attributing them to Islam. Then we will all know the true nature of the dispute. It is well known that the terrorist left is based on revolutionary violence. The legitimacy of the communist party in Russia is now being questioned in the Moscow courts on the basis that it was a terrorist party.

An essential distinction should be drawn between the Islamic bases of a society or state and the existence of religious extremism or terrorism. Islam is an intrinsic element of Egyptian society, and allegiance to God, His Prophet, the Qur'an and Sunni law is imprinted deeply on the Egyptian consciousness. The intensity and prevalence of this feeling, however, does not rule out the existence of sin and immoral behaviour. It is only human to err and human beings are in constant struggle with their moral and psychological selves to overcome their misdeeds and strive to better themselves. Nevertheless, there are those who are now calling for an end to religious programmes on the television and radio, although they seem to forget that leftist philosophy is what is alien to this society, not Islam.

It is unacceptable to rule out political Islam. Why should politics be the preserve of leftists and capitalists? Politics in its simplest terms is the affairs of ruling the people and preserving their interests. Should we relegate this responsibility to those who have no religion? Should everyone have the right to talk about politics except Islamic scholars? Are they not Egyptian citizens as well, who are guaranteed the same freedoms under the constitution and the law? Islam has political, economic and social

dimensions. It governs all affairs of life, guarantees rights and confers duties and protects our freedoms. It lifts mankind and preserves the honour of the nation. The modern secularism of Europe in which religion is separated from the state, a rose from Christian, not Islamic, origins. It is both folly and unjust to import such a philosophy without understanding it fully and the circumstances which brought it about.

Under the Egyptian constitution, the state must safeguard Islam, uphold morals and observe religious scriptures. When leftists make the call for secularism, they are contravening the constitution and in essence they are asking to change our system of government and overturn the state. Yet it is the nature of leftists to call black white and to act contrary to what they say. They claim to stand up for the rights of workers and farmers when in reality

they oppress them. They institute the private sector and state-ruled production as they plunder the public wealth and sap the people's life-blood.

The struggle for faith will continue to the end of time and strength is required at all times. The Islamic state is the stronghold of Muslims and the just *imam* (leader) is their hope for a better future.

The reason the Islamic nation lost Andalusia and Palestine is that the forces of Islam were weak. This would never have happened were it not for the absence of the Qur'anic model for government based on Shari'a law. The Islamic nation only dissolved when government fell into the hands of those with destructive creeds and philosophies.

**Turning Point in Economy Reported***93AF0006A Paris LE MONDE in French  
29 Sep 92 p 46*

[Text] The acceptance by Egypt of the program prepared by the World Bank in 1978 and reformulated in 1990 is a fundamental turning point in the economic strategy of the country. This program has the novel feature of touching all sectors and should breathe new life into an economy that has successively passed through the period of feudalism during the monarchical era, then the inefficiency of the socialist period, and finally, since 1974, the disorder accompanied by the opening up of the economy and the adoption of economic liberalism (Infitah) since 1974.

Thanks to international support the country has reduced the burden of its debt by half. It will not have to pay back more than \$25 billion, instead of the \$50 billion accumulated before the Gulf war. In effect the United States canceled \$6.7 billion in military debt, the Gulf countries wiped out \$7.0 billion, and the 17 Western creditor countries canceled half of the value of the loans they had made to Egypt.

This financial support, coupled with the increase of more than one-fifth in Suez Canal dues and the increase of petroleum income by 65 percent led to a record surplus (of \$2.2 billion) in 1990/1991 in the Egyptian balance of payments. The new budget for the fiscal year from 1 July 1992 to 30 June 1993 provides for an increase of 14 percent in expenditures, which will amount to \$18.9

billion. The increase will finance higher salaries and investments, compensated in part by a reduction of subsidies and the virtual suspension of repayment on the external debt. Receipts should be higher (up by 18.4 percent), thanks to the increase in petroleum revenues (up by 27.8 percent) and Suez Canal dues (up by 31.5 percent). As a result, the budget deficit should be slightly reduced (down by 2.2 percent).

However, structural problems continue to block development efforts. First of all is population growth (2.5 percent), which continues to be higher than economic growth. The population—54.5 million people at present—is growing by 1 million people every nine months. Each year 500,000 young people enter the labor market. The role of industry in gross domestic product [GDP] has stagnated at about 25 percent, and the reduction in the importance of agriculture—down from 25 to 19.7 percent—does not reflect greater productivity but rather the lack of arable land as a result of the strong surge in urban growth.

The improvement in the situation cannot hide the risks of structural adjustment in a country where the population cannot accept any further sacrifices. The impact of increases in prices and unemployment (estimated at between 15 and 20 percent of the labor force) threatens to throw more and more of the people into the arms of Muslim fundamentalism and to lead to social problems. Domestic and foreign investors have high hopes about the future. For its part the state is carefully handling reforms, taking care to preserve the social consensus.

**Key Egyptian Economic Indicators**

Category	1988/1989	1989/1990	1990/1991
Population (in millions)	51.7	53.2	54.5
Per Capita GDP (in dollars)	740.8	706.8	563.3
Gross Domestic Product (in billions of dollars)	38.3	37.6	30.7
Inflation (in percent)	21.3	16.8	19.8
External Debt (in billions of dollars)	49.0	50.0	38.0*

\*Before agreement on reduction with Paris Club of July 1991.

**Energy Minister Discusses Five-Year Plan***92AF1164A Cairo AL-MUSAWWAR in Arabic  
7 Aug 92 pp 40,41*

[Interview with Minister of Electricity and Energy Maher Abaza; place and date not given]

[Text] The Ministry of Electricity and Energy was the only state sector that achieved 100 percent of its targets for the first and second Five-Year Plans. It has started execution of the third plan with outlays of about 17 million pounds and is preparing the plans for 1997 and 2002.

AL-MUSAWWAR met with Engineer Maher Abaza, minister of electricity and energy, to discuss the targets of the third plan for this vital sector and to question him about the ministry's plans in meeting the expected worldwide surge in the field of electricity.

[AL-MUSAWWAR] What are the targets of the third plan? And do you expect success in implementing the plan within its financial and time constraints? Are there any obstacles that might hinder the implementation of the plan?

[Abaza] It is indisputable that a lack of sufficient electrical energy for industrial, agricultural, housing and services projects would idle the investment capital of

these projects and thus incur damages to our national economy. It has been proved that there is a close relationship between the rate of increase of gross national product and the rate of increase of per capita consumption of electricity. The annual per capita consumption of electricity has become an indicator of a nation's degree of development and progress.

Projects in the third plan are geared towards providing the needs of agricultural and industrial development following the large surge in these two sectors. We therefore have the project for the "Kouraymatt" station, which is a large station equivalent to the "Shoubra-al-Kheima" station. It is located south of Giza, approximately 70 km from Cairo. The station operates on natural gas and we have succeeded in providing financing for this station through full grants and concessionary loans. This includes a grant from the United States and concessionary loans from the African Bank and Arab Funds. The full cost of the project has been covered and it has been opened to international bids and, God willing, we will choose the best offer.

There is also the 1,200 megawatt "Sidi Kreer" station whose first phase is being financed by the Arab Fund, the Kuwaiti Fund, and the Islamic Bank. The second phase will be financed through the European Bank, the World Bank, and some German banks.

The third station is the "Oyoum Moussa" station, which will generate electricity that would reach Taba, then Amman in Jordan, Damascus in Syria, and Istanbul in Turkey. We have reached an agreement with the Arab Fund, the Saudi Fund, and the Abu-Dhabi Fund to fully finance this station. We have thus been able to secure financing for all these important stations even before the start of the third plan.

In addition, there are control centers for Cairo, Alexandria and the Canal region. The first will be implemented with a grant from the United States, the second and third with a grant from Finland. Electric lines will reach 220 to 500 kV [kilovolt] using locally produced transformers. The third plan includes the manufacture of 66-kv transformers in our plants, and these have already started being produced. What I would like to say is that the ministry is implementing third plan projects with no financial or technical obstacles. We have already succeeded in producing 70 billion kilowatt [kW] hours and will raise that figure to 100 billion kW hours by 1997.

[AL-MUSAWWAR] What is the position of the ministry of electricity and energy regarding meeting the continuous needs of the agricultural and land reclamation sectors and also the needs of households and public services?

[Abaza] The state encourages the continuous expansion in land reclamation. The third plan addresses meeting the needs of 400,000 fedans [acres] of reclaimed land, which could reach 1 billion kW hours. Current consumption by the agricultural sector is expected to increase by 5.5 percent annually.

In the consumer sectors—household and business—due to our programs for load management, completion of the rural electrification plan, and the change in energy prices, it is expected that the rate of increase in consumption in these sectors drop from 8 to 6.5 percent annually by the end of the third Five-Year Plan and thus the annual rate of increase would be 7 percent throughout the plan. It is expected that the rate of increase in consumption for the government sector and public services would continue at 6.7 percent throughout the third Five-Year Plan. In order to meet the continuous increase in load, the ministry is completing the started generating stations in addition to building new stations. For example, generating stations at Talkha, Asyut, and Suez will be completed and expanded; so will the complex cycle of Domyat, Damanhour, and Mahmoudia and the South Cairo generating station. The West Cairo and Al-Arish generating stations will be expanded. And since it takes between five and seven years to complete steam generating stations, we have started building new stations to meet the needed loads of the fourth Five-Year Plan. This includes the expansion and renovation of the Talkha, Oyoum Moussa, Sidi Kreer, and North Cairo stations, the Noubaria complex cycle and the Za'farana and Suez Gulf generating stations.

Expansion in generating electric energy is accompanied by expansion in the transport and distribution network. We aim to complete 87 transformer stations; the effort needed for that is tremendous and this is in addition to the required lines.

[AL-MUSAWWAR] What about rural electrification and its share of the plan?

[Abaza] The rural electrification [authority] is expanding great efforts aimed at strengthening the networks of 1,500 villages in the third plan and supplying electricity to 2,000 attachments. Also strengthening city networks and the electrification of reclaimed lands belonging to the agricultural cooperatives. This latter project is funded with 40 million pounds as a first phase to establish the infrastructure for 137,000 fedans.

[AL-MUSAWWAR] Has the ministry used foreign loans to implement its projects or has it relied on outlays from the plan?

[Abaza] The loans that the electricity ministry has used are highly concessionary. Some are grants-in-aid and the rest are at very low interest rates. For example, our loans from Italy are exempt for 70 years and have a 1-percent interest rate; the loans from Germany have a 50-percent exemption period and an interest rate of  $\frac{3}{4}$  percent and our loans from France have a 1.5-percent interest rate. There are also some grants-in-aid from America, Sweden, Finland, and Denmark and our loans from Japan have a 2.5-percent interest rate. All these loans are a light burden and will be repaid on time using revenue from the unified network. We obtained all these loans

after the loaning organizations determined our seriousness in using them and in paying them off and after they saw the many projects that we completed.

[AL-MUSAWWAR] There has been talk about using new and renewable sources of energy such as wind and solar energy. Has the use of such sources actually started?

[Abaza] A new chairman has taken over the responsibility for the New and Renewable Energy Authority. There is a program to implement a number of projects in collaboration with Germany, Sweden, and Denmark and I will visit Denmark next September to reach agreement on a new grant for a project to manufacture windmills.

There is also the Tenth of Ramadan plant that produces solar heaters. My colleague the minister of housing, Engineer Hasballah al-Kafrawi, has been using the plant's output for houses and establishments in new towns. Both the Ministry of Military Production and the Arab Industrialization Company have contributed to producing these heaters.

[AL-MUSAWWAR] You visited Damascus lately as part of an Egyptian Government delegation.... What agreements were concluded concerning the electricity and energy sector?

[Abaza] During this visit we agreed on establishing a unified Arab network, which goes from Cairo to Taba to the Gulf of Aqaba to Amman to Damascus to Istanbul. We agreed with the Syrian Electricity Minister to invite the electricity ministers of Egypt, Jordan, and Turkey, together with the presidents of the Arab Fund and the Islamic Bank, to meet in Damascus next October to agree on financing the second phase between Jordan, Syria, and Istanbul. By 1995 we will have completed the whole network, God willing. This is in addition to our agreement with Libya to connect the electric line through Saloum and Tobrok. Also, last month we reached agreement with the Zairian Energy Minister and its Electricity Authority President to finance a project to connect the Zairian and Egyptian electric networks and extend them to Europe. We agreed to hire an international consultancy agency to perform a study financed for 10 million dollars by the African Bank. The study is to be completed within two years.

### Minister Discusses Tourism, Development

92AF1030D London AL-HAWADITH in Arabic  
3 Jul 92 p 41

[Interview with Minister of Tourism and Civil Aviation Fu'ad Sultan; place and date not given: "Private Sector Plays a Prominent Role in Tourism Revival"]

[Text] In an interview with AL-HAWADITH, Dr. Fu'ad Sultan, Egyptian minister of tourism and civil aviation, said that the tourism sector in Egypt is currently exerting successful efforts to increase tourism in Egypt. In doing so, the tourism sector is making use of political and security stability. Moreover, the success of Egyptian

diplomatic activities and the cooperation among all sectors increases the efficiency of the infrastructure. He added that the liberalized policy adopted by his ministry is based on many foundations.

The first foundation is ensuring an increasing influx of tourists to the country through the use of marketing and promotional methods and depending on the close cooperation achieved so far between the Egyptian tourist sector and the concerned government authorities.

The second foundation is adopting liberalized policies regarding chartered airplanes and the acquisition on the land necessary for these projects. The foundation also involves calling on concerned government authorities to simplify the procedures of foreign exchange, passports, and customs.

The third foundation is encouraging domestic tourism. This foundation is based on two elements:

- The right of citizens to familiarize themselves with and enjoy the tourist sights in their country. This could be facilitated by means of a flexible pricing policy without violating the sound economic basis of the tourist business.
- Limiting the phenomenon of travel abroad for tourist purposes by Egyptians. This policy was successful because Egyptians now prefer to vacation in the new tourists spots such as the Red Sea, Southern Sinai, and the northwestern beaches.

The fourth foundation is to develop manpower based on the belief of the importance of hotel training and education and vocational training to keep pace with the development in tourism where there is a continuous trend to develop more tourists establishments.

The fifth foundation is to provide tourist development that keeps pace with the increasing demand. In this respect, the tourist attraction spots were listed and the Egyptian consultant firms were commissioned to make a comprehensive survey of these areas and to supply the charts of their development for tourist purposes. Priority was given to tourist spots in the 'Aqaba Gulf, the Suez Gulf, the Red Sea, Southern Sinai, and R'as al-Hekma on the northwest shore.

Minister Sultan added that there was significant tourist development and growth during the last few years. Many things were accomplished that served the objectives of economic growth in Egypt through exploiting the potential of the tourist sector for the benefit of the balance of payment and providing foreign exchange. The best proof of that is the figures. Income from tourism increased from \$700 million in 1986 to \$3 billion in 1991. This increase was achieved through the recent development of the economic policies that encourage and attract tourist spending. This also led to a considerable improvement in the balance of payment (the balance of current accounts) because revenues from tourism have participated largely in decreasing the deficit, even realizing a surplus.

The number of tourists increased from 1.3 million in 1986 to 2.8 million in 1991. The number of nights tourists spent in Egypt increased 7.8 million to 25 million in 1991 due an increase in the average stay from six to eight nights.

The Egyptian minister added that this increase in tourists was accompanied by an increase in accommodations. Available beds increased from 40,000 in 1986 to more than 100,000, and the number of hotels increased from 350 in 1985 to 446 in 1991. The ship-hotels increased from 64 to 180 in 1991, and the number of tourist villages increased to 50.

This means that liberalizing the tourist sector and allowing individuals, whether Arab or foreign investors or Egyptians, to own hotels has led to an increase in the total hotel capacity in Egypt to more than 53,000 rooms, 666 hotels and tourist villages, and nine cruising ships, for a total investment of more than 2 billion Egyptian pounds during the last 10 years.

He also mentioned that the occupancy rate increased from 52 percent to 85 percent.

The minister of tourism added that the political policy that governs the tourism sector depends on the supremacy of the economic freedom of fair competition in the private and public sectors and the gradual withdrawal of the government from the competitive economic activities and to limit its role to supervision and monitoring and as a sovereign authority trying to provide the proper climate for individual initiatives from entrepreneurs. This policy led to a clearer definition of the economic sector, which increased the confidence and security of the investor so there was an influx of domestic savings, as well as Arab and foreign investments, in the tourist projects, a fact that helped to keep up with the increasing demand for tourism in Egypt. The individual initiatives of the business sector, which were encouraged by the Ministry of Tourism, had a great role to play in increasing such demand.

During the last few years, the Ministry of Tourism has managed to practice a great deal of privatization, starting from contracting specialized private management companies to managing the public sector hotels and leasing them to the private sector, provided that the lessee has the experience and financial capability to develop them. The last step was to sell some of the hotels that were not suitable for the previous two options, provided that the investor was committed to develop the hotels and add new capacities to them. The last option allowed an increase in the volume of investment by attracting foreign exchange to buy, develop, and increase the capacity and, at the same time, to realize a capital gain for the seller that was much bigger than the small revenue of the hotels that were sold. This allowed the public-sector company to pay its debts to the treasury and to continue to build and open new tourist spots to increase the quality and volume of the tourist facilities, which will encourage the continuity of the tourists' influx.

Mr. Sultan said that the ministry has contacted the World Bank and some Arab and friendly governments to attract and mobilize the necessary financing that would allow a leap to a more advanced stage of tourism development. He added that because the new policy requires a concerted effort on the part of the authorities capable of continuing the dialogue with the international institutions and specialized agencies while continuing to shoulder the responsibility of financial, economic, and technical evaluation and the follow-up of the tourist projects, an agency for tourist development was established.

Regarding tourist development and the ambitious projects, the minister said that a series of companies was formed to service the projects of tourism development, including a company to establish and manage ports on the banks of the Nile. The capital of this company is 15 million Egyptian pounds. This company represents the biggest cartel of Nile cruising ships from both the private and public sectors. It has already started its activities at Luxor and will expand to other cities on the banks of the Nile.

A new company for tourist transportation was established under the name of Egypt Tourist Limousine to transport tourists from the airport to the hotels and to tourist spots in metropolitan Cairo. The company will also serve the delegations participating in international conferences. It is a joint effort between the private and public sectors with a capital of 30 million Egyptian pounds. It started with 100 cars and will increase its capacity to 500 cars during the next five years.

The private and the public sectors are currently establishing a new company to manage the rest houses, to build more rest areas for tourists, and to provide food and beverages to motorists on highways all over the country.

He also said that a new company for new and renewable energy was established in agreement between the Ministry of Tourism and the Ministry of Electricity under the law of public incorporated companies with a declared capital of 50 million Egyptian pounds. The company aims to provide elements of infrastructure such as electricity and water to the tourist projects in remote areas to encourage investment. The ministry has prepared a comprehensive plan to develop the western shore of 'Aqaba that will include Taba. A company was formed with a capital of 250 million Egyptian pounds. The company owns the Taba hotel and the tourist village next to it.

A contract was signed to establish the Fayoum Tourist Development Company with a capital of 60 million Egyptian pounds. The company aims to develop an integrated tourist area at the southern shore of Quaron Lake that will have a three-star hotel with 120 rooms, along with 1,203 chalets and entertainment and service units. Another company for tourist development was

established with a capital of 50 million pounds to take care of the projects of tourist development there.

### Factors Causing Inflation Analyzed

92AF1290A London AL-MAJALLAH in Arabic  
31 Aug 92 pp 61, 62

[Article: "Inflation Deep-Rooted in Egypt"]

[Text] The Egyptian economy suffers inflation (i.e., a high cost of living) at a crucial stage just as the public sector is about to be tendered for private investment. Professors of economics believe that this ailment of the nineties is rooted in the fifties and sixties when slogans were dazzling.

There is no doubt that inflation (or high costs) is the leading player on Egypt's economic stage, with all other economic problems in secondary roles. Dr. Hatim al-Franashawi, professor of economics at the American University in Cairo, emphasizes that Egypt's current wave of inflation is not unrelated to the worldwide surge in prices, which is also related to another phenomenon known as "stagflation." Matters are particularly bad in Egypt because of heavy and escalating reliance in past years on importing a major share of consumer needs and production requirements.

Huge outlays for infrastructure projects (i.e., public utilities) that generate new incomes without an underlying immediate increase in production, have also been a major contributor to inflation in Egypt.

Dr. Hatim says that probable medium-term solutions would be to reduce the budgetary deficit, moderate credit policies by channeling credit to productive projects, abstain from actions that would induce speculation in higher prices, and boost real production in order to meet the escalating demand for goods.

Ahmad Fu'ad Amin, Islamic Bank board chairman, believes that the real reasons for inflation in Egypt are:

First. The Egyptian labor force is a major factor. It is a most important resource in which Egypt has an advantage and could generally become a striking force if properly managed.

Mr. Ahmad Fu'ad Amin elucidates on our misuse of this basic resource by saying that the existing educational system does not serve the work force and consequently does not serve productivity because its policies are not at all responsive to the country's demand for various professions and specialties, either quantitatively or qualitatively. Educational policy is not concerned with quantitative, qualitative, or interim planning and, consequently, is not attuned to the effective utilization of labor.

Second. Labor laws in Egypt must change in step with prevailing conditions and with the country's [changing]

needs for various specialties. Those laws were created to vest individuals with their rights but did not emphasize their obligations.

Third. Egypt's slogans of the past are no longer relevant since the conditions and stipulations underlying them have changed over the past 30 years, with an attendant change in social composition.

Kamal Hasan 'Ali, former prime minister and current board chairman of the Egyptian-Gulf Bank, in an attempt to identify the cause of the problem, says that the phenomena of inflation and economic problems are neither self-generated nor are they created in a vacuum. Many factors have to be involved, especially the population problem. The population explosion has coincided with resource depletion as a result of Egypt's involvement in four wars in the period starting with the War of Yemen until the October 1973 War. It is common knowledge that conditions of war demand war economies, which means channeling all resources to prepare the armed forces for fighting and to bolster internal security. Let me illustrate with a simple example.

Missile bases constructed by Egypt in the period from 1967 to 1973 consumed an amount of cement more than 17 times the size of the Great Pyramid.

Another factor, according to Kamal Hasan, has been the slogans spouted by the Revolution and later proved a burden on the state. For instance, the Revolution espoused the Free Education slogan. In advocating free education, our professor, Taha Husayn, did not have higher education in mind but the Revolution adopted the slogan, built it up, and applied it to all levels of education including universities. Not only that, but the state committed to hiring all university graduates.

The problem also has a social dimension in that societal development during the open-door period caused an increase in consumption without a corresponding increase in the rate of production. A typical example is that Egypt consumed 35,000 tons of soap in 1940. It is a given that soap consumption is an indicator of social development. Egypt's population has since grown from 18 million to 50 million and soap consumption currently exceeds 450,000 tons but there has been no corresponding increase in production to meet this tremendous rise in consumption and the government has been consequently unable to deal with the problem. The solution, in short, is to boost production.

Al-Ahrrar Party's Dr. Muhyi al-Ghandur says that inflation is caused by purely economic factors such as the shrinking value of the Egyptian pound, low production, and slogans. The Egyptian pound has lost value in relation to other currencies because it has absolutely no cover—not gold, not petroleum, and not even output. The problem is that we refuse to acknowledge this loss of value and are therefore making no attempt to do something about it.

A second reason is low, or nonexistent, productivity in the face of humongous monetary inflation. Money is plentiful but there are no products to sop it up. This develops a propensity to import but ours has become an addiction and we have to import nearly all of life's necessities.

The third factor, which I consider to be the most important, is the slogans generated by the state at a point in time and for which there is no longer any justification.

That factor is not easy to deal with. For example, public-sector investments of 22 billion pounds had a return in 1985 of 139 million pounds or 0.5 percent. This blatant under performance was a result of public-sector insistence on intervening in virtually all products under the slogan [in the name] of "Protecting Farmer and Worker Gains."

The public sector has also embarked on losing projects such as one to produce railways to compete with specialized international corporations. The project was initiated without study or cognizance of the country's need for such a company. The undertaking was destined to fail in competing with world corporations. It accomplished nothing other than contributing to veiled unemployment, which as I indicated, is an increase in the amount of money in the market without a corresponding product to blot it up.

Dr. Muhyi al-Ghandur adds that the solution is for the government to relinquish 70 percent of its share by divesting 30 percent of the shares to workers and 40 percent to the general public. The government would retain 30 percent as a form of oversight on the enterprise. No matter how responsible workers are, being owners of their factory gives them a vested interest in production, quantitatively and qualitatively. The government would also gain by the 40 percent (in public shares) in public oversight on the project. Furthermore, the 70 percent divested by the public sector could be channeled into other more rewarding enterprises such as infrastructure projects or to meet basic individual needs.

### Experts Debate Land Reform Law

92AF1097A Cairo AL-JUMHURIYAH in Arabic  
16 Jul 92 p 5

[Article by Samiyah Bulus]

[Text] Passing the law of landlord-tenant relations on farm lands was difficult, but it has happened. But—did its passage end all the problems and situations that resulted from the old law, and has a strong and just foundation for a new, stable relationship between the two sides been created? Or has it opened the door to new problems that might be greater and more serious?

Actually the passage of any law is seen as merely a beginning, and the real test of any new law is its implementation. But in this investigative report, experts

uncover holes in the clothing of the new law, and they warn against problems that it might stir up, so that we can prepare for them now.

The passage of this law was in itself a great accomplishment, especially because it had been preceded by many studies and discussions for more than six years. This was affirmed by Dr. Ahmad Juwayli, governor of the Isma'iliyah governorate and head of the agricultural economics association, which participated in the reformulation of the law.

Dr. Juwayli added, "The new law is an important link in freeing agriculture, since rent controls will be lifted after a period of five years, and fairness in distributing income between the tenant and landlord will be achieved."

But Engineer Sa'd Hajras, former chairman of the farmers' union and one of the few who implemented the agricultural reform law the day it was passed 40 years ago, and who has continued to follow its results and effects by virtue of his position as head of the agricultural reform agency, said:

"No doubt the direction of the new law is towards achieving a greater amount of social justice with respect to distributing rights and obligations between the two sides of the lease relationship, namely the owner of the land and its tenant, by giving the landlord, to a large extent, a balanced amount of the lease value, because if we suppose that the average land tax in Egypt is about 22 Egyptian pounds, then this gives the landlord the right to charge a rent of about 450 pounds per feddan [acres], which is the least that he can be given in exchange for his investing his capital in agriculture."

On the other hand, as Eng. Sa'd Hajras says, setting the transition period at five years is seen as reasonable, since it covers a complete crop rotation cycle.

As for continuing to give a tenant's heirs the right to farm the land after his death during the five-year period, this is a commendable direction of the law, but other legal arrangements still need to be made pertaining to giving the tenant the right to obtain an alternate home to the one that he is occupying on the land leased to him, since it seems that the application of this rule will be very difficult to implement.

If we suppose that in a village the lease relationship ends with the release of 100 tenants who have 100 homes that they are living in, how could 100 homes possibly be arranged for them within the village?

It is the same with regard to the tenants whose lease has ended. The law gives them priority in getting reclaimed land, and this needs to be reviewed and many arrangements need to be made to that it can be implemented.

On the whole, it can be said that the law in its new form represents a positive step that will bring about a large degree of fairness. It also gives the two sides of the

leasing relationship the opportunity to increase agricultural production and productivity, and it also corrects situations that have occurred at some stage.

#### Attack on the Constitutionality of the Law

Dr. Rif'at al-Najjar, chairman of the agricultural economics department at al-Zaqaziq University, sees this law as one of the most important laws passed after the October War decree and those of opening up and freeing the economy. In fact, it is an important element on the road to comprehensive reform policies in Egypt.

He said, "The passage of this law is a sure indication of the stability that we are experiencing. In fact, it is seen as an important message to the outside world that this stability exists. What impresses me the most is the way the ground was laid for it on various levels, and the way different points of view were listened to, which set the general climate for receiving it. Therefore we must take from it the study and expertise of how to deal with such laws before they are passed."

"But what I fear is that the constitutionality of this law might be attacked, since it is one of the laws that touch on social relations, but despite that it was not submitted to the Consultative Assembly."

"As for the consequences that we expect after this law is passed, I believe," Dr. Najjar said, "that by all standards they will be better both for productivity and yield, since stability in relationships built on justice will be limitless. And these words are not aimed at the landlord alone, rather they include the tenant as well, who will try to get into the act and secure his position, because remaining is better."

#### Negative Effects

Dr. Jamal Siyam, professor of agricultural economics at Cairo University, stresses that the new law has closed some gaps in the existing leasing relationship, but that its implementation would have some negative effects, which could have been avoided if it had been formulated in a better way.

Some of the points against the new law, according to Dr. Siyam, are the following:

- Fixing the amount for leasing farmland for the next five years. This fixing is contrary to the course of change in Egyptian agriculture, and to the requirements of the policy of liberalizing the economy, especially during the upcoming transitional period, in which farm relationships will be built upon new foundations.
- The new law does not contain enough commitment from the state to take care of the tenants whose affairs will be negatively affected by its implementation.

On the one hand, raising rents to 22 times the tax, instead of the seven times now in force, will result in a transfer of part of the fixed income from the tenants to the landlords.

Considering that the area leased for cash is about 900,000 feddans [1 feddan equals 1.04 acres], and that the average property tax in force is about 22 pounds, then raising the rent by the amount indicated means transferring an additional part of the tenants' income to the landlord, amounting to about 297 million pounds a year. And if the number of "cash" tenants reaches about 400,000, that means that the average additional payments by the tenant will reach about 742 pounds a year.

Because the new law ignored the concept of gradually raising the rent, this amount, which is seen as relatively large and at the same time as a chunk out of the tenant's annual savings, might have a negative impact on his financial situation, and thus we expect some negative effects on yield in the acreages leased for cash. It would have been better had the law affirmed the state's commitment to supporting the tenants with credit facilities so as to counter the negative impact on yields.

"On the other hand"—this is still Dr. Jamal Siyam speaking—"the fifth item of the law, which gives priority in owning desert reclaimed by the state to tenants of farmland for which their lease has expired according to the rules of this law, does not explain specifically how these tenants will be settled on the new lands, especially since the number of tenants that will need to be settled might be large!

"Supposing that only 25 [percent] of the current 400,000 tenants will lose their lands, and that an individual will take possession of five feddans. The area that would have been supplied would be about 500,000 feddans. This is a large area, which makes us believe that the legislator intends with this item to deal with few cases, which would not represent a problem of this size."

#### Fair Rent

As for Dr. 'Uthman Jad, assistant professor at the Cairo College of Agriculture, he believes that the articles in the law pertaining to the transitional period, which will end at the end of the agricultural year of 1996/97, are a compromise between various points of view. Setting the annual rent of farmland at 22 times the tax is about one-third less than the free-market rent prevailing for farmland, and equivalent to the landlord's share under a sharecropping lease relationship according to the rules of the old law, as was shown by a previous study.

This step, even if it appears to mean gradual progress that is intended to prepare the tenant for a free-market lease relationship to which the rules of civil law would apply after the five-year transitional period—which has caused anxiety to some—calls upon some tenants of farmland leased for cash to save or invest this difference in the rents to be a help after five years to whomever wishes it, or be forced to lease new land.

It is clear that the new law has established this criterion, and the proof of that is that by denying it, the government denies that there is a stipulation to compensate the

tenant with 40 times the real estate tax set from each agricultural year if he is forced to vacate the land if the landlord wanted to sell his leased land.

Continuation of the lease arrangement under what has been proposed for five years, might be enough to curb the defiance of some landlords whose personal relations with some of their tenants are strained.

Dr. 'Uthman Jad believes that applying the rules of civil law to lease for cash contracts will encourage many owners of farmland, especially those who live in the cities, to offer their farmland for rent for cash to free themselves of administrative responsibilities. It might even encourage a number of them to reclaim and cultivate new land wherever it might be, so as to profit from a part of it, even though it might be a while, by leasing it for cash.

If improving the land and increasing its fertility is expected to be reflected in its rental value when the relationship between landlord and tenant enters the free market, it is expected that that will be an incentive to some landlords to invest a part of their money for that purpose, and this will help, along with other factors, to increase the depressed growth rates that the agricultural sector is seeing.

Even though more protection is given to tenants' rights, which the law tried to preserve when it stipulated that tenants whose leases on the farmland end according to this law be given priority in owning desert land, which the state is reclaiming, this stipulation causes worries about the administrative responsibilities which the state will bear in order to implement it.

Perhaps this stipulation would have objectionable effects that would result in barring other groups of society who also have a right to own these lands.

The law of tax exemption on farmland with an area of less than three feddans, which caused a breakup of the records of farmland ownership in the cooperative associations, is evidence that confirms this point of view and causes worry. Therefore there must be thought as of now of finding a better way to apply the above mentioned article in the new law.

### The Problem of Compensation

Dr. Salah al-Jundi, professor of agricultural economics at al-Mansurah University, agrees that annual rent for farmland should be set at 22 times the tax, on the condition that this be at the beginning of the agricultural year after the law is put into effect, but it must be done gradually from one year to the next, so as to be 23 times the tax in the second year, then 24, and up to 26 at the end of the period set for the lease to end. This is not unfair to the tenant, rather it would keep pace with the rate of inflation and rising costs.

Regarding compensation, Dr. Salah al-Jundi says, "It is not based on legal cause, for the basis of compensation is

that a person causes harm or perpetrates a wrong against another, so that the other person is entitled to compensation. But the landlord here does not do that, rather it is the tenant who is benefiting from the land. In that the law and the constitution are in conflict with one another, and we are afraid that the constitutional court will rule it invalid."

### Caution Urged in Public Sector Sales

93AF0048B Cairo AL-AHRAM WEEKLY in English  
9 Sep 92 p 5

[First paragraph is AL-AHRAM WEEKLY introduction]

[Text] Ossama Ghaith in AL-AHRAM warns of the dangers of selling the public sector companies in a hurry.

One does not put the cart before the horse. It upsets the cart and the horse gets confused. This is becoming a problem with one area of economic reform, because some people are attempting to give priority to the sale of public sector companies. They believe these companies should follow the path of private sector companies and any other solution is a waste of time and effort.

However, the logic of the proponents of this notion is founded on a faulty premise. They ask that in this instance we ignore the dynamics of market forces so that the government can rid itself of these nightmarish burdens. They seem to believe that they should be sold off at any price, regardless of all capitalist principles and practices in commerce, as though selling them was an aim in and of itself, or as though the target was ease of mind not economic reform.

This type of thinking should not be taken seriously because it offers no reasonable basis for logical argument. However, since it is being reiterated so frequently and since implementing it would bring dire results, it is imperative that we contest it and expose its fallacy.

It is time to arrive at a concise and objective analysis of what is involved in selling off public sector companies. Is it an end in itself or is it a means to attain economic efficiency? Is it also time to determine whether freeing the private sector and liberalising private ownership must come entirely at the expense of the public sector. These are major issues that must be resolved so that the public does not waste time and effort in secondary matters on the way to economic reform.

While the principle of encouraging privatisation is not under dispute, we cannot afford the risk that the process of selling off the public sector companies degenerates from a technically controlled financial operation, into a scramble for the spoils. The world has seen too many cases where graft and corruption determined who ended up with the tastiest public sector morsels. In Argentina the advantages and drawbacks of privatisation are the topic of the moment. A Best-selling book, IN SEARCH OF THE CROWN, is about the scandals that have

occurred during the process of selling off the public sector in Argentina and describes the many instances of corruption, pay-offs, abuse of power and influence that transformed the privatisation process into a circus of greed.

On the other hand, there have been some exemplary models of privatisation in which the government followed sound capitalist practice and treated each company it planned to sell as an important national asset that must be preserved, renovated and developed in order to ensure that it would operate with greater efficiency and profitability. The U.K. offers the best example of this. And the principal reason for its success is that the process did not take place in back-room chambers, but rather in the open before the scrutiny of the public eye. The value of the British experience is that it demonstrates how the principles of market forces operate from the moment of deciding to sell a particular public company. It gives important guidelines regarding the procedures and timing for bidding and for stipulating provisions that ensure the best conditions for the companies being sold. More importantly, the government adhered to the principle of assessing the ability of the market to absorb the shares of new companies. To do otherwise would have been utter folly and contrary to all sound capitalist practices.

Of course, there are ways to raise the absorptive capacity of the stock market, by adopting policies that spur greater demand that do not accord with the traditional patterns that regulate supply and demand. The U.K. adopted one such policy when it allowed employees of the companies that were being sold to buy shares in their companies at reduced rates or on an installment plan. The government also tried to popularise the notion of capitalist investment in company shares, and modified company law in order to attract broader segments of the population to the market and ensure that companies are not subject to the bidding of a few major shareholders.

The process of selling the public sector must be accompanied by measures to modernise financial transactions and attract small investors. It should also make an effort to encourage the habit of saving and investing in stocks and bonds. Without a permanent source of finance and a continued flow of funds, the stock market will remain ineffectual and marginal in generating the necessary capital to absorb public companies, and the government will find itself dumping state-owned companies as if they were on fire.

No one objected when the U.K. introduced the notion of the token "golden share" as a symbol of the government's continued interest in the welfare of the companies it had sold off, as well as the consumers' and the public welfare as a whole. No one suspected that the government would continue to try to run the companies behind the scenes, because the principles of capitalism in the U.K. are accepted and respected by all.

In order to avoid a stream of rumours and tendentious lies, the government must announce a clear and comprehensive plan for the transformation of the public to the private sector, to bring about successful economic reform and to rid ourselves of the ills of state ownership without subjecting ourselves to the avarice of those poised to pounce at the spoils.

### Report Provides Investment Statistics

92AF1030C London AL- HAYAH in Arabic 8 Jul 92  
p 10

["Cairo-Muhammad Kararah"; "European Investments Not More Than 600 Million Dollars"; "Arab Investments Come Second in Egypt"]

[Text] A report published by the Egyptian Investment Authority indicated an increase in the number of projects approved to operate in Egypt according to the two systems of free zones and domestic investment to 1,800 projects, 1,100 of which are operational while the rest are under construction. Industrial projects come at the top of the list as they represent 42 percent of the projects while the financing institutions come second representing 19 percent and the third place is occupied by the services sector and the construction sector representing 12 percent each. After that comes the projects in the agriculture sector, land reclamation, and livestock representing 7 percent. The report indicated that the Egyptian investment represents 60 percent of the total investments in Egypt while the Arab participation in the Egyptian investment projects represents 21 percent and the foreign investments represent 19 percent. A report issued recently by the Association of Egyptian Businessmen indicate an increase in the deficit of the Egyptian trade balance with the European community totaling 2,404 million dollars during last year compared with 1,734 million dollars during 1989, an increase of about 670 million dollars. The report indicated that the deficit has increased despite the improved movement of commercial trade between the two parties during the last two years as it increased from 8 billion dollars in 1989 to 8.376 billion dollars. The report attributed this deficit to the decrease of Egyptian exports compared to Egyptian imports from the European community as the Egyptian exports were estimated at 2.986 billion dollars while the Egyptian imports were 5.389.8 million dollars. Mr. Sa'id al-Tawiiil, chairman of the Egyptian Businessmen's Association predicts an improvement in the economic and commercial cooperation between Egypt and European community due to some commercial advantages granted to the Egyptian exports to the European community according to a cooperation protocol signed between the two parties in 1987. The report took notice of some concessions represented in a complete waiver of tariffs and quantity restrictions previously imposed on the Egyptian exports of industrial commodities with the exception of the yarn and textile exports by means of annual quotas through arrangements agreed upon between Egypt and the European community. This is an addition to a 50-percent decrease in the tariffs imposed

on agricultural exports as a first step of a complete waiver as of January 1993. It is expected to increase the quotas of Egyptian agricultural exports to Europe according to the cooperation protocol during the next year by 5 percent and by 3 percent in some products of relative advantage. The report indicated that the total loans and grants provided to Egypt by the European community in the framework of the first, the second, and the third financial protocol from 1977 until 1991 have totaled 1.902 million dollars out of which 954 million dollars were loans from the European investment bank and 83 million dollars in easy term loans while the nonreturnable grants totalled 829 million dollars in addition to 35.9 million dollars as contributions to cover the capital risk. These numbers were obtained from the budget from the European Committee. The European community has granted Egypt 175 million EMU [Economic and Monetary Union] (227.5 million dollars) as a contribution in compensating Egypt for its losses from the Gulf war and to transfer the Egyptian capital and intermediate goods and with projects to provide the Egyptian workers returning from Iraq and Kuwait with employment opportunities. The financial concessions allocated by the European community to countries in the Mediterranean Basin, which include Egypt within the framework of the new Mediterranean policy during the coming five years 1992-1996, totaled 3.29 billion dollars out of which 390 million dollars is for economic reform programs and 2.639 million dollars is for regional cooperation. Egypt received food grants during the last four years—1988-1991—valued at 3,383.6 million tons of which 605 thousand tons was in grains, 6.6 thousand tons of powdered milk, 22,000 tons of cooking oil, and 2.750 million tons of lentils. Food grants to Egypt during the Gulf crisis totaled 29,560 thousand tons of wheat, powdered milk, cooking oil, and lentils, of which was 24,000 tons of wheat, 1,440 tons of each of powdered milk and cooking oil, and 2,200 tons of lentils. As for the European investments, the report of the Egyptian Businessmen's Association indicated that they are still very weak and represent only the investment of one Arab country in Egypt such as Saudi Arabia or Kuwait. According to the statistics of 1990 the total contributions of Western Europe in Egypt were estimated at 600.244 million pounds. The investments in the projects under the system internal investments were 538.924 million pounds while the investments of the free zones represented 61.320 million pounds. The European community participated in about 372 projects out of which 348 are operational, while 54 are still under construction; this is in addition to 70 projects that have been recently approved but no action has been taken yet. The projects of the free zones are 49 while the other 323 projects are under the internal investment system.

#### **Parliament Passes Agricultural Reform Bill**

92AF1030B London AL-SHARQ AL-AWSAT in Arabic  
26 Jun 92 p 9

[Text] The Egyptian succeeded in obtaining the approval of the Parliament to one of the most daring steps of

economic policy towards the liberalization of the Egyptian economy that is passing a bill of agricultural reform that puts an end to 40 years of very strict regulations on agricultural leases. The law of the relation between the landlord and the lessee of agricultural land was one of the most respected symbols of directed economy. Changing it was an issue that would threaten social trouble in Egypt because it would tamper with the interests of about 3 million farmers that lease agricultural land. The new law prepared by the government and approved by the Parliament succeeded in avoiding a confrontation with the lessees and satisfying the landlords who have been unable for a long time to profit from the land that they own. Dr. 'Atif Sidqi said that the new law will correct the path of the agriculture sector that represents about 35 percent of the gross domestic product. He also said that the raise in the lease value to 22 times the current property tax would benefit both parties as the landlord who does not live in the countryside will find that it is to his advantage to continue leasing his land to the lessee that cultivates it for this reasonable rent. As for the lessee, he will spare no effort in cultivating the land to be able to pay the new rent that will result in increasing the productivity, which will be beneficial in increasing the agricultural output to offset the big shortage in food, a fact that compels the government to import food. Even though the law did not fulfill the urgent desire of the landlords to repossess their land, it specified a five year transitional period after which all lease agreements would be void unless renewed by both parties. This transitional period might persuade the landlord to set aside his desire to repossess his land or would urge the lessee to give up the land hoping for the compensation he would receive if he were to find out that he is incapable of continuing the lease under the new law. The law specified the compensation to be given to the lessee to be 40 times the current property tax for each year of the transitional period and, instead of the 200 times the property tax as suggested in the draft. This means that, if the farmer gives up the land before the expiration of the transitional period, he would lose some of his compensation for every year, but if he gives it up at the end of the transitional period, he would get 200 times the value of the property tax as was stipulated in the proposed law. The Parliament inserted an article that stipulates the inadmissibility of evicting the lessee from his house that is built on the leased land before the government provides him with another house. This article was not provided for in the original draft. The Parliament also introduced a new article that would give the lessee who gives up his leased land priority in obtaining the land reclaimed by the government. The transitional period, specified by the law to be five years, starts as of the beginning of the agricultural year following the enforcement of the law, that is 92-93, and ends in the agricultural year 96-97. If the landlord wishes to sell his land during this period, the lessee has a right of first refusal to buy it against a price to be agreed upon. If the price is not acceptable the landlord has the right to evict the lessee but he has to give him 40 times the value of the property tax for each year of the transitional

period. This law will effect about half a million Egyptian families who currently cultivate small areas of some of the best agricultural land in Egypt while paying an average yearly rent of about \$111.00 per feddan. 'Abdelhamid Ghazi, member of the agricultural committee of the Egyptian Parliament, says that the Parliament should consider the interests of both the landlords and the lessees because the leases increased only three times since 1952 while others increased 500 times. Mr. Khalid Muhi-al-Din, President of the National Progressive Unionist Coalition Party, says that he fears the worst, that many people would be evicted from lands that they have cultivated all their lives. He also added that it would have been better to leave them in the land provided that they pay the cost. Egypt was a net exporter of food until the 1970's, but it is currently suffering a food gap due to the population explosion as the population increases by one million every nine months. The agricultural sector is sharply divided into huge and prosperous private plantations such as the agricultural-industrial projects in the reclaimed land and millions of small farmers who live in the Nile Valley and depend on inefficient governmental cooperatives to supply them with seeds, farm equipment, and credits.

#### Report Provides 1992 Economic Figures

92AF1097B Cairo AL-AHRAM AL-DUWALI in Arabic  
15 Jul 92 p 4

[Article by Amal 'Allam]

[Text] The surplus in the balance of payments in the first six [months] of the 1991/92 plan reached about 10 billion Egyptian pounds, compared to 1.1 billion pounds from the same period of last year. The deficit in the state's budget likewise dropped in the same period to 692 million pounds, which is much less than the deficit during the same period of last year, when the deficit reached about 4.7 billion pounds.

#### Eleven Billion in Investments

That was what was stated in a report tracking social and economic performance during the first half, July-December, of the 1991/92 plan.

Total investments during the tracked period reached about 11.137 billion pounds, representing about 59.6 percent of what was targeted in the plan, which was about 18.679 billion pounds. What was carried by the public sector reached 6.8 billion pounds, 64.4 percent of the targeted amount, while the private sector was limited to about 4.3 billion pounds, 53.4 percent of the targeted amount.

Likewise, investment during the tracked period in all commodity sectors reached about 4.8 billion pounds, of which about 2.5 billion pounds was for public-sector projects, or 45.2 percent of the targeted amount, and about 2.2 billion pounds was for private-sector projects, or 57.7 percent of the targeted amount. Likewise, what was implemented in groups of the services sectors

reached about 3.5 billion pounds, of which 2.7 billion pounds was for public sector projects, 142.5 percent of the targeted amount, and about 730 million pounds, or 69.5, was for the public sector, while the amount invested out in the group of social services was about 2.8 billion pounds, of which about 1.5 billion pounds was for government and public-sector projects, at 49.8 percent of the targeted amount, and about 1.3 billion pounds for private-sector projects, at 42.6 percent of the targeted amount.

The report, prepared by the Ministry of Planning, stated that what was invested in complementary public and government projects implemented during the tracked period was about 1.8 million pounds, representing about 27.3 of total investments, whereas what was invested in new and expansion projects was about 2.2 billion pounds, representing about 33 percent of the total, and about 2.7 million pounds in renewal projects, representing about 39.7 percent of the total investments.

The value of machines and equipment obtained in the public sector during the tracked period was about 2 billion pounds, representing 29.8 percent of total investments, while the value of constructions reached about 1.4 billion pounds, representing about 21.9 percent of investments made.

#### Drop in the Budget Deficit

Regarding monetary developments, preliminary reports by the Finance Ministry cited in the report indicate that monetary income during the first half of the 1991/92 year reached about 18 billion pounds, against monetary payments estimated at about 18.694 billion pounds, with a deficit of about 692.3 million pounds, compared to a deficit estimated at 4.7 billion pounds from the same period of last year.

Taxes collected on sales were about 3 billion pounds during the tracked period, a rate of 51.9 percent of the budget allocation. That is the highest rate of achievement seen in first six months of the 1991/92 year, followed by taxes collected on personal income, taxes on profits and finance companies, stamp taxes, and corporate taxes.

Regarding indirect taxes, their budget allocation for the 1991/92 year reached about 15 billion pounds. During the tracked period 6.7 billion pounds were obtained, a rate of 44.5 percent, and with that the growth rate of indirect taxes reached 68 percent.

#### Increasing Subsidies

The subsidy for goods for the 1991/92 years was estimated at about 4.5 billion pounds, of which about 2 billion pounds were paid made during the first half of the tracked year, or 45.2 percent, compared to about 1.3 billion pounds during the same period of last year.

Total wages reached about 3.3 billion pounds, representing 24.6 percent of the total current payments during the tracked period.

During the tracked period, overall consumption (civilian, military) was estimated at about 4.8 billion pounds of the annual allocation amounting to 12.3 billion pounds, a rate of 39.1 percent, compared to the amount of 4.3 billion pounds for the same period of the 1990/91 year, with a growth rate of 12 percent. Wages represent the largest part with respect to relative importance, because they reached nearly 78.1 percent of overall consumption.

#### **Balance-of-Payments Surplus**

Likewise, available reports for tracking current transactions of the balance of payments from the same period of the 1991/92 plan indicate that the surplus obtained in current transactions and remittances is expected to increase to about 10 billion pounds. Disregarding the effect of the exchange rate of the Egyptian pound, this surplus reaches about 7.2 billion pounds compared, to a surplus of 1.1 billion pounds during the same period of the 1990/91 year.

That is attributable generally to the great improvement in the surplus achieved in the balance of unexpected transactions, resulting from the huge increase in remittances of Egyptians working abroad, since the transactions therein resulted in an increase of this surplus to about 18.8 billion pounds, which after the effect of the exchange rate is disregarded amounts to about 15.2 billion pounds, compared to 10.2 billion pounds during the same period of last year.

The report also confirmed an improvement in the deficit in the trade balance, since it reached about 8.7 billion pounds, which after the exchange is disregarded amounts to 7.9 billion pounds, compared to 9.1 billion pounds during the same period of the past year. That is due to the drop in payments for imports at a rate greater than that of the drop in income from exports compared to the same period of last year.

#### **Decline in Export Income**

It was noted that income from commodity exports declined during the first half of the 1991/92 plan, since income reached about 4.9 billion pounds compared to 5.6 billion pounds during the same period of the previous year, a 16.4 percent-decline. This percentage rose for income from crude petroleum exports and their derivatives to 18.5 percent, since petroleum income declined to about 15.3 billion pounds compared to 18.8 billion pounds, and that is due to a drop in world prices for crude petroleum from about 21.6 dollars a barrel to 16 dollars a barrel because of the events in the Gulf.

Regarding payments for commodity imports, they dropped to about 12.8 billion pounds during the tracked period, compared to about 14.7 billion pounds during the equivalent period. The result of that was relative

stability in commodity exports covering commodity imports, since it reached 38.3 percent during the tracked period.

Regarding the construction and housing sector and the new urban communities, total targeted investments during the 1991/92 plan for the public and private sectors reached about 3 billion. What was implemented during the tracked period was about 1.2 billion pounds, or 41.7 percent, and the number of housing units that were put into use during the tracked period was about 88,700 units out of the number of units that had been targeted during the year, amounting to 225,000 housing units, at a rate of implementation of about 39.4 percent of the target.

#### **Credit Extension Needed To Keep Market Share**

*92AF1234A London AL-SHARQ AL-AWSAT in Arabic  
14 Aug 92 p 10*

[Text] Most foreign trade companies in Egypt lost more than 50 percent of their foreign markets due to termination of the protocol and balanced transactions systems. These systems, arranged through the state, were of great benefit to these companies.

Some companies asserted that they realized large increases in the volume of their exports when they became a part of the private sector. Others however, stated that their exports declined sharply since the termination of the protocol and balanced transactions systems.

Some business people think that the balanced transactions system is a failing one. Therefore, they believe that companies should have to send their agents abroad to secure markets for them. In addition, they emphasize the importance of taking part in international exhibitions to foster their businesses.

Mustafa Faruq, the export department head at Misr Export and Import Company, says that his company, for more than a year, has been going through a period of instability and anxiety. This is because the company has adopted a new work system since it has been transformed to the business from the public sector. Previously, the company has relied on having certain countries to trade with assigned to it through the state. The company has also benefited from the protocol and quota systems. Since this change in the way of going about business, Mustafa Faruq says that his company has been facing very strong competition from private sector companies.

Mustafa Faruq also added that the volume of exports declined by 50 percent because a new board of directors had not yet been appointed. This was behind the state of instability from which the company was presently suffering. He said that it was imperative for the company during the ensuing period to completely change its work system. This was to be achieved by setting up offices for the company and sending representatives to search for

new markets abroad, and to conduct negotiations in order to expand the company's dealings as much as possible.

Mustafa Faruq states also that the company's most important exports are root beet, rice, animal products, livestock, seeds and medical herbs. The most important importing countries for these products are the Arab States, France, Spain, England, and Italy.

Jaballah 'Abd-al-Fattah, export department head of the Arab Company for Foreign Trade, says that present trends to terminate the protocol and adhere to the free market economic system should be accompanied by a new work system. This new system should take into consideration the strong competition between business and private sector companies. The business sector formerly relied on assigned quotas and export markets, as well as on predetermined prices. Having dealings within the free market economic system and maintaining acquired foreign markets requires the provision of high quality goods at the most competitive prices, and also meeting deadlines for the supply of these goods.

'Abd-al-Fattah asserted that the company lost the former Soviet Union market. Reestablishing commercial relations with the Commonwealth States needed a certain period of time. This is because, after the collapse of central planning practiced by the Soviet Union, the Russian Republics had to get ready for work, to establish banks and to furnish expertise.

'Abd-al-Fattah declared that the Iraqi market, where 80 percent of the volume of export could go, was one of the important markets the company had lost. The company's operations and budget suffered very much since the beginning of the Gulf War, and the company had to search for alternative markets such as those of Spain and Algeria. The company reopened its offices in Yemen and Turkey. Libyan authorities agreed to reopen the company's office in Tarabulus. He added that, since 16 February 1991, his company signed a one hundred million dollar balanced transactions deal with Libya, shared equally between Libya and Egypt. He continued to say, however, that its ratification by the Popular Committees of Libya met with many obstacles, resulting in the delay of its execution to last February.

'Abd-al-Fattah said that what is worth ten million pounds of transactions has already been executed by each side. Problems that may be encountered in making the rest of the transactions would be discussed during the Egyptian Libyan High Committee meeting towards the end of this month. The obstacles that this transaction met with were proof that the balanced transactions system was a failure because of the various obstacles that counter their implementation. 'Abd-al-Fattah continued to say that his company and all other public sector companies faced the problem arising from the fact that production companies could export their products themselves. When they did this, prices of their exports were much lower in comparison with those of commercial

export companies, which go about their business as trade mediators. The latter take a commission from both the foreign importer and the commodity's producer, thus increasing the commodity's price. He also ascertained that commercial exporting companies were negatively affected when production companies exported their products themselves.

'Abd-al-Fattah declared that public sector companies should intensify their efforts to open new markets and new offices abroad, as well as to send representatives abroad to study markets and to maintain dealings with established customers. Otherwise commercial companies would not be able to make it, considering the strong competition they were facing. He also said that the company was trying to penetrate the Russian market and was about to make a deal worth two million pounds with the Ukraine.

Hamdi Zayid, head of the export department at Al-Nasr Company for Import and Export says that his company follows the private sector system and never relies on either authorized balanced transactions or protocols. However, his company suffers severely from the loss of the Russian and the ambiguity surrounding the Commonwealth market. Dealing with the African market is difficult as it is heavily burdened with loans.

### Electricity Price Increases May Result in Liquidations

92AF1211A Cairo AL-MUSAWWAR in Arabic  
21 Aug 92 p 10

[Article: "Three Major Companies Face Liquidation Because of Rise in Electricity Costs"]

[Text] Electricity costs have risen sharply for three electricity-intensive companies—Chima Aswan, Misr Aluminium, and [?] Alvirosilicon. Together, the three concerns consume some 600 megawatts or 30 percent of the cheap hydroelectric power in Egypt (High Dam, Aswan Reservoir), which was the impetus for creating those industries at a time when there was a substantial surplus of electricity.

The cost to Chima rose by 176 percent from 17 mils to 47 mils per kilowatt [kW]. Aluminium's costs rose by 41 percent from 48 mils to 68 mils. Alvirosilicon will have to pay 68 mils instead of 57.7 mils. We do not know what the world prices are in this case or why the differences in the rates of increase if an established world price does indeed exist. The increase in costs [to the three companies] far exceeds the increase in the cost of fuel oil and natural gas to generating stations. The cost to the latter has risen by no more than 25 percent.

Meanwhile, the Electric Distribution Company for Southern Upper Egypt realized net profits of 130 million pounds last year, indicating that prices of electricity sold to such strategic industries include excessive profit margins. At any rate, each 1 mil of the recent increase in electricity prices—according to a statement to industry

editor Muhammad Ghali by chemist Tahir Bashr, chairman of the Holding Company for Chemical Industries—has resulted in an increase of 171 pounds per ton of fertilizer. This means that a ton of [domestic] fertilizer will sell for 531 pounds compared with only 405 pounds for a ton of a comparable import. Chima will therefore face an impossible marketing dilemma and will not be able to pay for electricity at the new rate. The company will be forced to liquidate when its losses amount to 50 percent of capital, which could happen within two months once the increase is decreed; that is, if it is approved. At that point, and if no natural gas is discovered in Wadi al-Faqrah in Aswan, the company would have no alternative but to liquidate and sell its assets as well as land holdings of 1,400 feddans valued at about 250 million pounds. The money would then be deposited in the bank. The return and surplus [as published] realized on it would then be used by company management to pay employee wages and incentives.

Chima chairman engineer 'Abd al-Mon'im 'Aqil says that a decision to increase electric rates in that fashion can only have liquidation as a target. Chima therefore considers it moot and unenforceable because it is a decision to liquidate the company since the resultant product would not be marketable domestically or abroad.

The increase [in electricity costs] would impose on Misr Aluminium an additional burden of up to 70 million pounds. This means that company profits will be so pared down that its expansion plans would be threatened. This is especially risky because aluminum world prices are soft and because Aluminium continues to sell its products on domestic markets below cost, so much so that the Ministry of Finance is reaping 1,000 pounds per ton for a total of 45 million pounds.

It is disturbing that while electricity costs to Aluminium are currently at the world average of 23 percent of aggregate production costs, the recent increase would drive that cost up to 30 percent, far in excess of world averages. The recent increase in electricity costs to Aluminium is not just a figure. It puts that industry on the road to liquidation.

In response to a question on the impact of the increase, engineer Sulayman Rida, chairman of Misr Aluminium, simply said that: "in a market economy, the price of electricity is not supposed to be raised suddenly without dialogue or notice. Market mechanisms mandate dialogues between buyers and sellers."

He added that that development is a serious threat to the aluminum industry. The median world price per kW in the aluminum industry is no more than 6.2 mills and it follows that market mechanisms be let loose. This means that there should be a contract between buyer and seller and this is something on which I'll insist with Egypt's Electric Authority. [It also means] that aluminum prices should be free to rise and fall with the market without government intervention.

The rise in kW prices would likewise mean for Alvirosilicon an added burden of some 3.5 million pounds. This would add 110 pounds to the cost per ton, bringing total costs to 2,100 pounds per ton, compared with world export prices of no more than 1,760 pounds. This translates into added losses because of low world prices.

Engineer Muhammad 'Abd-al-Wahhab, minister of industry, and engineer Maher Abaza, minister of electricity, held a meeting last Tuesday to discuss the problem and find a solution. They are to report their conclusions to the prime minister.

In another development, engineer Muhammad 'Abd al-Wahhab said that a study is under way on the impact of rising electricity prices on industry as a whole without undermining the principles of economic reform but within the framework of gradual [progression] and without requesting [the need for] subsidies of any kind.

The minister added that "[elements of production] will be studied at cost in order that we might find a solution to the crying need in certain industries."

#### **Sales Tax Increase Threatens Aluminum Factories**

*92AF1211C Cairo AL-AHALI in Arabic 19 Aug 92 p 4*

[Unattributed article: "Aluminum Factories and Workshops Request Urgent Meeting With Revenue Department in Order To Ward Off Utter Bankruptcy"]

[Text] The Aluminum Division of the Engineering Industries Chamber requested an urgent meeting with Fathi 'Abd-al-Baqi, head of the Revenue Department, following a failed meeting last July, and in view of the recession and bankruptcies currently experienced by the aluminum industry. Fifty percent of the factories have gone bankrupt as unmanufactured aluminum prices shot up this year to 7,000 pounds per ton from only 1,000 per ton in 1980. The industry also had to contend with a sales tax of 10 percent at the source, 1 percent in taxes, and 1 percent in company taxes [as published]. An agreement with the Revenue Department on the sales tax collapsed after the Industrial Oversight Department prepared a study to determine the increased value but no department official showed up to sign the agreement.

#### **Customs Duties Increase Could 'Ruin' Poultry Farms**

*92AF1211B Cairo AL-AHALI in Arabic 19 Aug 92 p 4*

[Article by Muhammad al-Dab': "Poultry Growers Association Warns: 21,000 Farms Threatened With Insolvency"]

[Text] Poultry producers will meet next week with officials of the Finance and Economy ministries and of the Customs Department in order to review the decision to raise customs duties on the production requirements of the poultry industry in Egypt.

The meeting is the result of a special agreement sought by the [Poultry Growers] Association in order to resolve this poultry industry problem, which threatens 21,000 farms with insolvency as a result of raising customs duties on their production requirements from 20 percent to 85 percent.

Officials of the Poultry Growers Association say that recent sudden increases in customs duties threaten the poultry industry, especially since credit rates have risen from 10.5 percent to 22 percent and that fees have risen from 5 percent to 20 percent on imported fodder and medical supplies, and from 5 percent to 85 percent on the original breeding chicks that are not produced in Egypt. The Association emphasized that such measures would drive the price of the end product upward and would threaten the survival of an important industry that absorbs 0.5 million workers and invests a total of 4 billion pounds in some 21,000 farms.

[The Association] explained that annual imports amount to 2 million chicks and 138 million tons of corn and soybeans.

Domestic production is put at 3 billion eggs and 250 million cooking chickens per year.

Muhammad 'Atiyya Sarhan, secretary general of the Poultry Growers Association, said that "an increase in customs duties would be tolerable if it also applied to comparable imports. There is a limited domestic supply of poultry industry production requirements that can meet no more than 1 percent of poultry farm needs. We must consequently import all production requirements at market dollar rates."

He added that the increase would only exacerbate current market price dislocations that are expected to prevail until economic reforms are completed in mid-1994.

Musa Friha, president of the al-Wadi Poultry Company, believes that the state should protect producing sectors during all initial stages and should stimulate domestic competition in order to improve production and reduce costs in the absence of monopolies.

Friha pointed out that the poultry industry in Egypt lacks regulations that seek to raise its standards. Concerning the increase in customs duties, he said that the government should observe harmony with local producers and should act to protect them.

He said that prices would not instantaneously shoot up once the decision goes into effect. It might take them as long as six months, thanks to [warehoused] production requirement reserves that had been imported prior to the decision. Costs are expected to rise to 10 piasters per kg of poultry and to 1 piaster per egg, consequently raising prices to consumers.

Muhammad 'Attiyah agreed with Musa Friha that customs duties should remain at their current 5 percent in order to protect domestic industry and stimulate the production of breeding chicks especially since this

affects some 21,000 [poultry] farms with an aggregate production capacity of some 5 billion hens and 3 billion eggs.

### Experts Provide Agricultural Statistics

93AF0023C Cairo AL-AHRAM WEEKLY in English  
3-9 Sep 92 p 4

[Article: "Bishop Discusses Causes of Social Unrest"]

[Text] In the following AL-AHRAM article, Bishop Ethnasios, Archbishop of Beni Suef, discusses the causes of social tension that have prevailed in Egypt.

Contemporary mankind is suffering specifically from vacillating between awe at scientific progress and feelings of spiritual vacuum. The phenomenon is common to rich and poor countries alike. All are complaining of the rise of degenerate behaviour, the increase of crime, the spread of drug abuse, and the rebellion against traditional values and religious beliefs. The rapidity by which the news of such incidents throughout the world is manifested before our eyes also helps to compound the situation and create the environment which fosters them.

In Egypt there are additional circumstances that aggravate the situation and create psychological tension and rigid thinking which led to the development of extremism coupled with violence. Most Egyptians live under very harsh economic conditions. They barely manage to provide for their daily meals, housing, and education and support for their children. In addition, consumer habits have been imported from wealthy nations which have raised the expectations of the young. Their growing material needs have shaken their sense of faith and gratitude and they have developed a sense of deprivation and envy. They find it impossible to emulate the life-style of the West and if they manage to emigrate they still are not content.

Egyptians on the whole are theoreticians not practitioners. Everyone holds forth on politics, economics, history, jurisprudence, social and religious reform. All are philosophers and preachers and few get down to work, even in matters of religion. Our public schools have no physical education programmes that instill the sense of struggle, modesty, respect for others or teach our children how to congratulate the victor, not to despair when they lose, the spirit of brotherhood and how to work together. Our society lacks the capacity for open discussion and creativity. Those who teach rarely find an opportunity to put their teaching into practice in order to prove their theories.

A proper educational system is the basis for building a healthy society. Our public schools at present do not fulfill this role. Teachers too are under great pressure. They are not expected to build character in the students. Their job, as they see it, is to pour out the required subjects in the classroom and let the intelligent students pick up what they can. As for the remaining students,

they focus only on what will help them pass their exams. Proper education on the other hand requires teachers who do not have to worry about their personal financial circumstances as well as less crowded classrooms. They also need the facilities that will help them instill the values of combined work and constructive interaction and other such values that contribute to their sense of belonging to society and the desire to contribute to it.

Our public school curricula are therefore in need of radical modification both in terms of their aims and their material. Teaching pedagogy is also in need of up-dating in order to fulfill the task of building better human beings who will be a constructive force in their society. The easiest part of religious education is to reach the strictures and beliefs. The most difficult to teach are proper ways of behaviour and human interaction so that students develop the sense that religion is not simply stricture and prayer but also community feeling, brotherly love, respect, tolerance and mercy, all of which should be practical aspects of daily life.

The media too has a prominent role to play in education. The family is no longer the primary environment for instruction and upbringing. Given the amount of time children spend in front of the television screen, interacting with a confusing variety of personalities and situations for which they do not have the ethical or philosophical basics to assess, the media should bear responsibility in guiding the impressionable minds of the young.

Another cause for social tension is that politics in our society lacks political programmes. It operates on general principles and leading personalities rather than on debating specific issues. Since the 1919 revolution, Egypt's primary aim was independence. The general populace rallied themselves behind certain leaders as history propelled itself forward towards the Egyptian revolution. The revolution brought in new political directives and slogans such as agricultural reform and socialist gains. Personal connections became the means of developing political groupings, establishing leadership and popular representation. Simultaneously, demonstration of religious affiliation became an important element of political rivalry. The numbers of Copts and moderates dwindled in the unions and popular party councils, and only official appointment helped maintain their presence in these bodies.

The result is that the frustrations caused the harsh social and economic circumstances to become mingled with the growing tide of religious affiliation, to create a complex emotional climate that lacks the educational and philosophical means to regulate it. Popular representatives play upon these emotions to attain political positions, tensions mount and violence becomes the means to give vent to emotion. Authorities, combating radicalisation and violence, turn into the symbols of religious oppression and in the resulting polarisation, the ordinary citizen, his children and his country become the

victims. How desperately, therefore, we need a coordinated plan that mobilises committed leaders and the citizens within a comprehensive political, legal and educational programme to revive the principles of common cause to build a brighter future for Egypt.

#### **Port Said Officials View Success of Free Zone**

*92AF1099A Cairo AL-AHRAM AL-DUWALI in Arabic  
21 Jul 92 p 4*

[Report by Muhammad 'Abul Shahud: "Port Said Future After Free Trade"]

[Text] Even though the new economic [program?] might appear to be suitable for the survival and prosperity of the first and small experience for which Port Said was chosen 16 years ago to be a free zone, the city is currently experiencing a state of anxiety and doubts from what would happen as a result of the policy of liberalizing trade and revoking import restrictions. Would such a policy benefit this experience and help it develop or would it result in the city's loss of what was once a unique advantage that it enjoyed? The residents of Port Said have their views. Muhammad 'Abdufattah al-Masri, chairman of the Chamber of Commerce said that the economic policy being planned by the government would enhance the activities of the city and make it a huge center for transit trade. It would be closer and less expensive for the importers in Egypt and neighboring countries, especially after upgrading the port to increase its attractiveness, for all aspects of transit trade that would benefit broad sectors of Port Said residents. The number of the beneficiaries of the limited activities of the city is currently 50,000 residents and 3,600 importers. This number will multiply with the increase of trade inside the city and exporting to the rest of the country. This is in addition to the sharp and expected drop in the prices in Port Said and subsequently to the importers inside the country.

The same optimism is being expressed by Mr. 'Ate al-'Outweih, director of the Executive Organization for the Free City who says that the great openness in commercial transacting and importing would put an end to the city's economic blockade by freeing importing from it. This would result in a great amount of prosperity especially if the city's merchants manage to persuade their colleagues all over the country to deal with them because they would be able to provide better commodities and cheaper prices. If they failed to do so, they would have lost a good opportunity to market their goods and to realize prosperity in the city.

Mr. Fu'ad Sabri, manager of the Suez Canal Bank calls for revoking the current system of import cards being applied in Port Said. This system limits the amount of money that a merchant could use for importing annually. Mr. Sabri thinks that such a system led to dealings among merchants where the small dealers sell their quotas to the big dealers. This, of course, leads to higher prices for the imported goods to allow for the prices paid

to buy the quotas and subsequently to higher prices to the consumers that lead to less business. Continuing the quota system would perpetuate the high prices that lead to decreasing competitiveness with other imported and similar goods in the country once trade is liberalized. This would in turn lead to more stagnation in the commercial activities in the city that would lead to making the Free Zone a nonprofitable experience. Revoking the quota system is a necessity enabling the city to cope with the new economic policy.

Mr. Muhammad 'Abul Se'oud, chairman of the Free Zone and Port Committee in the City Council worries that liberalizing trade would have a negative effect on the city that has been suffering from stagnation under the current system. The matter would certainly become worse after liberalizing trade. The consumers will have no incentive to buy from the city because all goods will be available all over the country. Mr. 'Abul S'oud says that Port Said is not against the general policy of the country because it is a part of the country and it manages its affairs within the framework of the general policy. Yet, the residents of Port Said have become attached to the activities of the Free Zone. Commercial activities are the backbone of Port Said. Those who manage the Free Zone have to get ready to deal with the effects of revoking the trade restrictions. Since its inception in 1976, the city has faced many problems that affected its endeavors to achieve full productivity. Yet, the city managed to realize some of its objectives. In order to continue its activities and develop within the framework of the open-door policy, some steps have to be taken such as permitting imports from Port Said and paying the appropriate fees, revoking the decisions of the Minister of Economy that levied taxes and tariffs on some goods imported according to the Free Zone dues, and doing away with all limits on the annual import cards but keeping them!! It is also necessary to solve the problems and obstacles facing the change to productivity and granting them the status of the new urban community. It

is also very important to simplify the customs procedures, pay more attention to the port and utilizing the area of the "al-Tafriia" triangle for transit projects. The board of directors of the Free Zone should have a consultative council to study the projects and requirements of the Free Zone.

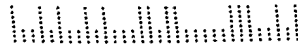
The parliament members from Port Said have their viewpoints regarding the status of the Free Zone experience and also their expectations of what its status shall be under the coming economic policy. While al-Sayed Sarahn voices his concerns, 'Abdul Wahhab Quota thinks that Port Said experience has provided the Egyptian market with its needs and also with modern technology that the Egyptian factories have used to improve their products. As for liberalizing trade, it will be very positive for Egypt and also for Port Said because it will become a strategic warehouse for food, intermediate, and capital goods. It will be necessary to amend the ministerial decree, not the law; the required amendment is to waive the condition of the country of origin so that the Egyptian importer would be able to access Port Said's stock in the transit area of the port or to the warehouses in the investment zone subject to Law No. 43. It is expected to have a big increase in the quantity of goods imported by Port Said, currently no more than 200 million dollars annually compared with 10 billion dollars worth of sophisticated and unsophisticated goods imported annually by Egypt. If Port Said manages to prepare its warehouse, equipment, and merchants to absorb a bigger slice of the Egyptian imports, the city shall realize a huge economic boom in the coming era.

This was the outcome of a tour of all the concerned sectors, giving their views and expectations, either pessimistic or optimistic. There was fear from what the new policy would bring about and there was also an eagerness to prepare and make use of the advantages it has to offer. The question now is shall we wait as usual to find out the extent of harm or benefit, or is there a study already prepared by the economists to overcome the negative aspects and make use of the positive sides?

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