

The Egyptian Industry and the Challenges of the Future

The Minister of Industry, Dr. Ibrahim Fawzy, scored against the industry men in the first forum that was sponsored by both the Ministry of Industry and Al-Ahram al-Iktissadi magazine.

He scored his first goal when he made a proposition that would lead to making the Egyptian industry people buy one of the banks offered for sale instead of establishing a new bank as well as working in the successful projects that ensure quick and easy revenues.

It seems that Dr. Ibrahim Fawzy was planning to end the debate and discussion about the issue of exports and the export services. Such matter used to be shouldered by the government and its official bodies all the time, and the Ministry of Industry wanted to end that dilemma.

Still the former Minister of Industry, Engineer Mohamed Abdel Wahab, called for a thorough revision of the whole matter, pointing that the Egyptian industrial export capability does not exceed two billion Egyptian pounds, which is a very clear indicator of its limitation and evidence that the national innovative capability is very weak.

The State and its authorities and bodies were not immune against criticism throughout the sessions of the first forum of the four industry men.

Despite the assurances made by the Minister of Industry, Dr. Ibrahim Fawzy, who said that the relationship between the government and the industry men is going on in the right direction though in a very slow pace, some people found it very difficult to accept that statement.

The industrialists attacked the State severely, and some of them particularly attacked the dumping policies and the poultry industry. Others called for providing cost policies that are similar to the foreign competitors.

Other industry men criticized severely the monopoly of some public enterprise sector companies to certain commercial and industrial sectors, while many criticized the sales taxes and their negative side effects. The following report gives full details of this matter.

Rawya el Sawy wrote: The Egyptian Industry and the Challenges of the Future

In the speech of Mr. Essam Refaat, the Chief Editor of Al-Ahram al-Iktissadi magazine in the opening session, he pointed that this seminar gathers the elementary and key people who constitute the Egyptian industrial wealth and the ones who would portray the future of Egyptian industry, investment and production.

He said that the attendants are the ones who would take the challenge of confronting the challenges of the future in the upcoming phase. He said that the main idea of this meeting is to discuss the worries and grievances of industry by industry men and experts in order to reach positive results and formulate active solutions to face the problems of industry.

The meeting is also providing a platform for the meeting of the officials with the industry men in order to work together for sketching a better future for the Egyptian industry in both the public enterprise sector and the private one, in addition to discussing the issue of exports, the problem of the GATT agreement, liberalization of Egyptian economy, the issue of unemployment and how to accelerate the process of development.

The Minister of Industry and Mineral Wealth, Dr. Ibrahim Fawzy, pointed in his speech that all Egyptians are keen to develop the Egyptian industry horizontally by increasing the products.

He said that in the future we must work for finding markets for the Egyptian products locally, in the Arab region and globally. He said that we should do so despite the fierce competition imposed by the international products.

Therefore, it's elementary to improve the quality of the Egyptian products because the Egyptian companies used in the past to care only for the local market to sell their products.

Now the situation has changed and the companies should care for both the local market and the international one. The companies now are also paying more attention to the total quality standards for the facility itself in addition to the expertise of workers and the Egyptian administrators.

This is elementary in order to make these companies at the level of the required product quality level.

Moreover, the end price of the product must be competitive to the international one though the cost is still higher. Still the price should not exceed the capacity of the local or international market. The Minister says that these issues are being discussed at various levels in the time being.

The Position of the Egyptian industry on the map of the ever-changing variables – A Look at the Past

The topic of the first session of the seminar was the position of the Egyptian industry on the map of the ever-changing variables. Eng. Fouad Abu Zaghla, the former Minister of Industry and the Head of the Industry Committee at the

NDP ruling party said that if we wish to plan for the future we must first look at the industrial past of Egypt and learn from it.

The former Minister pointed that industry has received due attention to the level that the industrial sector became a pioneer and leading one. This process continued till the nationalization took place.

He said that the nationalization was the most severe mistake ever committed because it led to the emergence of great discrepancies in 116 companies that constituted the hardcore of the public sector. He said that we must remember that the Socialist Union and its interventions played a major role.

Also the administration bodies of the companies had no way to determine the prices of the products and at the end the whole matter required true and comprehensive change and absolute make-over.

As an example, he pointed that the Iron and Steel Company became unable anymore to provide products that can compete in the market because it has been producing some commodities that do not match the market requirements.

The company never attempted to cope with the ever-changing international technology, while the private sector was very active, working, producing and exporting.

He said that the question now is: Can the public sector develop enough and produce - with the old equipments it has - the products that can face the new international ones? He said that the answer must be in the Research and Development (R&D).

The solution of the industrial problem lies in exporting and coping with technological advance

The keynote speaker in the first session was Eng. Mohamed Abdel Wahab, the former Minister of Industry. He specified the location of the Egyptian industry over the map of the regional and international variables.

He pointed that on the regional level Israel, Iran and Turkey have a prominent position in the industrial map of the Middle East. He said that the main character of the upcoming phase would be international cooperation.

Therefore, we must look at the Egyptian current situation to specify our goals, targets and needs as well as deciding what is possible to do now. He said that at the moment we have an imports substitution industry which is the mistake that we continue to commit leading to losing all sorts of ambition in the Egyptian industry.

He said we must study the market needs and how to establish a certain industry that would replace the imports substitution one. Still it is a mistake to establish a project on the basis of imports substitution only.

He said that the countries that developed their industries have worked on making quality products for the local market and then worked on developing their competitive capabilities before venturing into the global marketplace.

We also need to focus on the local market first as a part of the global one. Still we need to admit that we need a certain level of protectionism for the Egyptian national industry to be provided in a certain way for supporting the projects and their export capabilities in addition to granting a protection phase that would enable these businesses from developing and advancing.

He pointed that there is a deformity in the industrial structure as a whole which resulted from the attempt to compete with the ones who are providing us with technology and know-how.

We must revise our policies and our strategies and rethink about the competitive advantage that we have when we deal with our projects. We need to acquire the innovative capability to the level which unfortunately is very weak in Egypt.

The weakness of innovation in Egypt has resulted from the fact that we have an imported industry, but now we want to have a genuine real Egyptian industry that does everything in an Egyptian way regarding the design, implementation and execution as well as depending on research and development to produce new and excellent products.

When we look at the whole size of the Egyptian State which has 57 million inhabitants and compare it to our industrial export capability which is only 2 billion US dollars, we find that this is very trivial compared to other countries.

The former Minister said that the solution to the problem of industry in Egypt is to export and venturing into the age of technological advance. He also identified another element of deformity in the Egyptian industry which is the fact that the Egyptian research capability is very high but still it has nothing to do with the production lines.

Therefore, he proposes that we need an incentive plan for technological development and he said that the State has a very clear and a pivotal role in this regard to develop such research capabilities.

He said that this issue is extremely elementary and there is no other way but doing so because the regional developments are very pressing and we need to

cope with them. The speaker also said that there has been a huge development in Egypt since 1970. Egypt was almost the only industrial state in the region at that time, but now the neighboring countries have started and carried out with their industries far beyond Egypt, as they avoided the deformities that we have.

He said that the competition within the countries of the region became very strong. Still he says that Egypt is an elementary state in this region, though Iran and Israel are now added to the industrial map.

Before we go on with our development plans we need to identify the role which Egypt could play in the regional cooperation which would be depending on the foreign aid and assistance regarding finance and other elements.

He said that such foreign finance should be targeted to the Egyptian needs because the donors will specify the spheres they are going to fund and how it will be funded as well as the authorities or institutions are willing to assist.

The role of the State at this level would be to provide incentives for developing the innovated industrial capabilities of Egypt and easing the burdens on the industry and the industrialists so as they can focus their efforts on production.

He said that such scheme is necessary and inevitable. Regarding the regional variable around us, the speaker said that there has been an enormous change regarding the Arab states because many of them now have their own industries that started on individual basis away from any sort of coordination or cooperation.

Therefore, such industries were very weak and the competition among them was very negative, leading to holding their industrial advance and widening the gap between them and the global market. He said that the international

regional cooperation introduced Israel as a new comer and a new element without much sensitivity.

He said we must be very aware that the dependency of the Egyptian industry is similar to any sort of dependency in any other country, while Israel is a participant and partner and it is not dependent at any level. We must also understand that we cannot excel in everything that we produce, but we must agree among ourselves on the leading industries which we have a relative advantage in.

Consequently, we would start providing incentives and outlining the commitment to research and development so as we would have a real technological weight to be developed after that on the basis of the competitive advantage of the Egyptian industries focusing on both the public and the private sectors together.

We must properly use our monetary reserve

Dr. Mohieddin el Gharib, the Head of the General Authority for Investments, said that Egypt has now 15 billion dollars accumulated from the citizens selling a large quantity of dollars and transferring the bank deposits from dollar currency to Egyptian pound to make use of the improved interest rate which reached 17% and then declined to 12.5%. He said that the interest rate is still very different between that of the Egyptian pound and that of the dollar for the favor of keeping the deposits in pounds.

He said that the Egyptian has had a stable exchange rate for the last two years. Still some people are not convinced is a developing country as it possesses 15 billion dollars as reserve for the first time.

Therefore we must properly use this amount of money because this is extra money not a cover for the local currency. Such reserves are supposed to be allocated as contingencies to be used in the emergency situations such as changing the exchange rate of the Egyptian pound or sudden disasters such as a sharp decline in exports for instance.

He said that usually some 5 billions of that amount of money is allocated for this kind of measure as well as developing some local projects.

Consequently, Mr. El Gharib said that he does not understand why Egypt should put that money in the American banks, because this would mean putting the Egyptian economy in the hands of America which could use that money in balancing its deficit as the American deficit has exceeded 4000 billion dollars recently.

He also pointed that Arabs have deposited some 750 billion dollars in the American banks and he said that we should imagine how things would be like if the Arabs deposited such money in the regional banks, because at that time the industry would have flourished to a great extent.

In the same time they would get the same revenue and profit that they already take from the American banks.

The Minister says that the problem is lack of confidence and the uncertainty of the Arab situation in addition to the difficulty of transferring capitals, individuals, commodities, services, and currency among Arab countries.

He still says that some Arab countries have the capability to absorb such huge amounts of cash into their projects.

He also pointed that in case such money deposited in America was used in operating major projects inside the Arab world there would be no need to revert

to the private sector for funding such mega projects, and thus the efficiency of the private sector would not be harmed.

This would also encourage the private sector and ensure its expansion as well as help in establishing huge institutions such as those of Bank Misr. The Minister also said that depositing such money in the United States is politically wrong because such deposits might be frozen by the American authorities at any time the same way United States did to Iraq, Libya and other countries.

If the American authorities do so, it would not allow the withdrawal of huge amounts of money at once so as to keep that depositing state submitting to foreign economy and foreign intervention.

This is exactly the case of Saudi Arabia now. Dr. El Gharib said that a part of this money should be withdrawn from the American banking system to support the industries and establish some projects at least to absorb and contain the unemployment crisis in Egypt and to enhance the currency coverage as well.

Change is a necessity and a goal in itself

The issue of change as a necessity and as a goal was highlighted in the second session. **Dr. Nader Riad** pointed that change is a necessity and a goal at the same time, and said that change exists and must be there because of the open competition that we face and the ever-changing new technology being introduced all the time.

He said that change is also elementary because quality today must deal with the on-going and anticipated change. Because no calculations are made for such future changes, it would be difficult to compensate or to keep up with the changes afterwards.

Dr. Riad pointed that the automotive industry can be a very clear example for that. Therefore we must study the cost of change as well as the cost of not introducing it.

If we do so, we would find that the success of one round will lead to the success of the next one, while not introducing change will lead always to a negative impact. He also said that regarding the tools of change and their cost, we would find that paying attention to the human resources is elementary to provide guarantees and means that would enable a strong new generation to take over and to grow up in a strong and sound way.

This in itself is an important investment of a very elementary resource, i.e. the human resource. Still inside the industrial institution itself, the human development is the responsibility of the institution and its management to promote its workers and improve their performance.

Training should be a stable cornerstone policy that is used as an efficient tool for promotion and progress. This will lead to decreasing the cost because the waste and damaged product would be decreased as the level of training and performance of the workers is enhanced.

It is elementary to bear in mind that the bad product affects negatively the industry. There is also a great necessity to develop the engineering and vocational education to make it cope with the requirements of the modern industry.

Change would require also a high level of industrial and professional discipline by means of abiding with the international standards specifications so as the Egyptian industry would be able to compete with the global one.

We need to work for making our industry reach the level of innovation and development.

This is an inevitable necessity in light of the current information technology revolution. We must understand that the Egyptian industrial presence must be maintained in the fields where Egypt can excel.

We must participate in the international exhibitions and fairs in order to acquire more experience and be in touch with every modern technology which would at the end help the Egyptian inevitable industrial change.

The comment of Eng. Fouad Abu Zaghla regarding the Egyptian industry in this regard came to point that there has been an enormous leap forward achieved in the past ten years. He pointed that despite some gaps here and there, we now have certain industries that export to major industrial super powers such as exporting textiles and ceramics to England and Germany.

We even compete with their industries in their own territories. He also points that the automotive industry has flourished leading to the emergence of many neighboring feeding industries especially as we started to manufacture the small commuting cars.

There have been many positive signs in this regard that we must recognize and celebrate. Still we need to admit that we might be in a very difficult situation in the future if we do not develop and cope with the changes. There is also the GATT agreement which would have an impact on the Egyptian industry.

In short, he says, opening of all markets and competing with all global commodities and the elimination of the quota system as well as the elimination of subsidies would all mean that there are some industries that are quite

assured to continue its progress in the future as long as their quota share of exports are maintained. Still with the application of the GATT agreement this situation would be ended and all products will venture into an open competition with all different parts of the world. He also said that we need to have a cotton stock exchange which would run at the international prices. He says that doing so would make the cost very high.

Therefore, the raw material must be possessed in the factories at a reasonable price to allow competition as well as in a suitable quality that would help the textile industry and business. He said that it is elementary to reduce the production cost and revise all elements that interplay in this matter including the price of energy which should remain to be competitive and unified for all.

Eng. Abu Zaghla also tackled the technology in Singapore as an example and said that Singapore has the Park technology center which is integrated and very much inter-related with all elements. Singapore also has a very advanced technology information center to serve the local industry. He said that Egypt has the centers that grant MA and PhD certificates.

Still such researches and studies must be implemented on the ground and be linked with the process of developing the industry so as we can launch our research and development in a unified direction and link all elements in a scientific matter.

10% of the budget of scientific research is spent on researches

Dr. Amin Mubarak, the Chairman of the session, talked about the budget of scientific research and said that the scientific centers in Egypt receive very trivial amounts of money as funds which would allocate only 10% of that allocated money for the research itself while the rest is spent for the wages of

the different employees. He said that other countries in the world spend some 3% of their GDP on scientific research and development. We in Egypt must pay much more attention to the scientific and research centers and we must allocate more money for them.

Dr. Fouad Iskandar, the former Minister for Immigration, said that the main obstacle against an industrial breakthrough is the problem of legislation because we need a legislation that would grant the industry an unconventional role to allow it to cope with the regional competition and venture into international cooperation. He said that both regional and international cooperation are a must.

The Arab role of Egypt

Mr. Salah Khalil, the Head of the Gaza Jericho Committee said that Egypt has a very important role to play regarding Pan-Arab cooperation and he pointed the importance of technology in the upcoming phase.

The importance of the common Arab market

Mr. Mohamed Hosny Abdel Rahman, the Head of the Industrial Supervision Authority, said that it is elementary to vitalize the project of the common Arab market.

Export is a measure for advancement

Mr. Mohamed el Khatib, the Head of the Arab Authority for Industrialization, says that we can measure the industrial advance and the need for developing the industry with a certain real defacto measure which is seeing the amount of the exportable commodities and how far they can stand the global competition.

We must have a general strategy

Regarding opening the door for imports and its impact on Egyptian products, Mr. Mohamed Abul Enein, the Head of Board of Ceramica Cleopatra Company, said that opening the door for imports would have advantages as well disadvantages, and it will reflect its impact on the Egyptian industry one way or the other. He said that at the beginning we had the imports substitution industry and then we started to allocate a certain percentage of products for export. Still our exports face the international industry and start to compete with it regarding quality and price.

At this level, the Egyptian industry must be at risk because of the very fierce competition and the appropriate way for addressing this issue and dealing with it is to start studying the cost of production, the quality of the product, the standards specifications, as well as the contribution of the Egyptian products in the foreign markets and the level of presence there. He said that we should have the goal of enhancing the productivity of every factory and the performance of every worker.

Still he pointed that opening the doors widely for foreign trade might kill some Egyptian industries that are not prepared to face that kind of competition. Regarding the GATT agreement, Mr. Abul Enein says that the detailed features are not here yet regarding this issue.

The GATT is keen to open the door for imports without any restrictions or quotas. We must bear in mind that each commodity would be treated in a very specific way. He gave an example by the agricultural products which would be very much affected when all kinds of subsidies are eliminated, and therefore their prices would go much higher.

Therefore, we should have a general strategy that would specify what we need to import and what we need to manufacture locally, bearing into consideration the costs and the prices. After doing so, we can move on towards exporting.

Still the other side of the matter is the one related to the agreements that would be concluded to protect the patents and the intellectual property regarding the modern technologies. In such case, these agreements would have an impact for instance on the agricultural products.

Therefore, there must be a sort of compensation in the form of grants or even giving some compensation to the affected countries who would fall behind because of this agreement.

He said that it is not possible till now to calculate the amount of damage that would be inflicted on the developing countries because of the patents protection and the other measures of intellectual property rights. He said that the producing countries have got their own measures in this regard and thus they would be controlling fully the prices of such products.

They would also control the products produced in the developing countries as well as their quantities and prices. Regarding technology, research and development, Mr. Abul Enein says that the burden of cost regarding these matters is fully shouldered by the industry, and thus this leads to increasing the costs for the manufacturers.

Therefore, we need to develop a strategy to face the international unions and cartels. Such a strategy should have very specific features regarding how to deal with the agricultural, industrial and service products stating the volume, size, mode of investments and how to acquire information and statistics about all that.

We need to study all these elements very well to identify the goal which we need to achieve, how much time we have to do so and how to fulfill this mission before the grace period is finished.

Demands of Egypt's Industrialists

By: Zeinab Ibrahim

There is no doubt that industry is basically dependent on the industrialists. If the industry is sound, the industrialists are sound and on the right track, and vice versa. Therefore, industry is the main sphere for economic development.

The global economic variables have imposed themselves very strongly on everybody especially the third world developing countries including Egypt. Such variables made Egypt on the run towards change and shifting to capitalism even before being fully ready for facing that.

Therefore, time is not in Egypt's favor anymore because despite the apparent contradictions and discrepancies between the advanced world countries, they all share the same strategy which is working for their common interests in the global economy.

This strong move also led to diminishing the time available for us to make the best use of the huge investments of the public sector.

This also disabled the capability of the Egyptian private sector of accumulating capitalistic accumulation that would help the private sector to buy the public enterprises and administrate them in an efficient way.

Because of all this, President Mubarak has been emphasizing the role of the Egyptian industrialists and he has been advocating selling the public enterprise

sector companies through the shares system rather than the direct investment or the end key purchasing system.

The Egyptian industrialists have been asking the international organizations, institutions and bodies that work for the interest of the capitalist countries to fully understand the issue and situation as well as the specific circumstances of the Egyptian industry.

They wanted these international institutions to understand that the rate of change that takes place now in one month is equal to the change that used to take ten years in the past. Still the advantages and incentives are not anymore enough to attract more investments because all countries of the world are competing to attract the same investors in different ways.

The Egyptian industrialists are demanding three groups or categories of demands:

- They demand that the rate of meeting their needs and requests should be quicker than the way things take place now because there is no more time to waste.
- They call for protecting the Egyptian industry from the unjust competition with the foreign one as the unjust competition techniques are based on full smuggling of end foreign products into Egypt. Such products are now in every corner in every commercial street in Egypt.
- There is also a sort of partial smuggling by means of using false bills that do not reflect the real value of these products.

All these elements were the axes of the third session of the meeting of Egyptian industrialists.

Running towards capitalists

The third session of the first intellectual meeting of the Egyptian industry men focused on the appropriate choice of export commodities. The session was headed by Mr. Essam Refaat, the Chief Editor of Al-Ahram al-Iktissadi magazine. The keynote speaker was Mr. Mohamed Farid Khamis, the Head of the Egyptian Federation for Industries, who is also known as the Head of the Egyptian Industrialists Union.

He says that he prefers this title because he believes that the industry is based on the industrialists, and he is also convinced that if the industrialists are sound and healthy, the industry would be like so. Mr. Khamis says that he is one of the most optimistic people regarding the future of the Egyptian industry.

He says that industry is the main sphere where Egypt can expand to achieve the economic development of Egypt because the vertical and horizontal expansion of agriculture is very much limited because of many factors which we might not be able to interfere with at all.

He said that also the possibility of success and expansion in the touristic sector is very much there, but still tourism cannot provide half a million new jobs every year the way industry can do. Therefore, tourism cannot be the main engine for the Egyptian economic development, while industry can play this role.

Mr. Mohamed Farid Khamis added that time is not running for the favor of Egypt because till very recently there have been two huge economic blocks in this world. One of them is defeated now, and there is only one capitalist sole player in the field of the global economy.

This capitalist camp is led by the United States and it involves the EU and Japan. Mr. Khamis says that despite the secondary contradictions among the

members of this capitalist camp and some contradiction of interest among them, they have one and unified goal and strategy which is capitalism.

Therefore, everybody is running towards that one direction and everybody is now convinced that the interest of every economic power lies in the capitalist choice and is present in the capitalist world.

He said that despite of the economic liberalization which is the optimal option for Egypt as well as other countries that used to apply the central planning economy, the Egyptian swift shift towards capitalization did not allow Egypt enough time to introduce the economic liberalization properly and in the way that would safeguard its goals and interests. He said that a speedy move towards capitalization has had some negative impact.

Though we are marching towards privatization and shifting from public sector to the private one, we did not have enough time to make the utmost use of the enormous investments of the Egyptian public sector. We also were not able to take the steps and measures that would help us to properly use these investments and administrate them in the best way.

He said "We were obliged and forced to run towards capitalization and privatization and we were not allowed enough time or opportunity to build the Egyptian private sector again in the most appropriate way".

He said that between 1961 till 1967, Egypt nationalized the Egyptian private sector for certain considerations that we appreciate and respect, but this led to depriving the private sector from acquiring capitalistic accumulations. Still since President Mubarak came to power, the Egyptian private sector started to operate again.

But the fact is that it still needs another decade to build its capitalist accumulation and start properly to function. Because of the quick shift towards privatization and capitalization, we the Egyptians were deprived from accumulating our own capital.

This means that we ventured into change without having enough capitalistic accumulations that would allow us – the private sector – to buy the public enterprise sector companies.

Mr. Khamis pointed that President Mubarak has said before that the priority is the Egyptian private sector and the President said that privatization must take place by means of turning the companies into stocks and shares to be presented in the stock exchange market.

Therefore, there is no room for direct investment that would allow buying the whole factory as a whole unit. Therefore, the foreign investor has to go to the stock exchange to buy the shares there.

The Head of the Egyptian Federation for Industries said that all international bodies, organizations and institutions including the World Bank and the IMF as well as the GATT agreement and the foreign assistance and AID bodies are working for the interests of the capitalist super powers.

We said that we, as Egypt, are not among those international organizations but still we demand them to comprehensively understand the various issues of the Egyptian industry and bear into consideration making the implementation measures and the timelines suitable with the Egyptian context and the Egyptian current circumstances.

Lowering and writing off the debts is not a gift or grant

Mr. Khamis added that lowering and writing off the debts of Egypt is not a grant from anybody but it is a right which Egypt acquired with absolute merit because of the enormous steps and measures made by President Mubarak. Therefore when people link the lowering of debts and introducing certain reform steps, we should be quite sure that devil game is being played on us.

When we talk about linking the foreign investment in Egypt and its flow with the continuity of many activities, we are quite certain that we are moving in the right direction very quickly and properly.

Mr. Khamis pointed that when the journalists asked the American Trade Minister, Ron Brown about the foreign investments and how to provide assistance to Egypt, the American official said that accelerating the rate of privatization will help the investors; and there has been also talk about Egypt giving away the grace period allowed by the GATT agreement which is ten years to apply the intellectual property rights, and there has been also talk about speeding the integration of Egypt in the international economic lock. So what would be our position now?

Mr. Farid Khamis answers and says "We must object on the timing, but we are not against the principle itself. The issue of intellectual property is there but we still have ten years grace period according to the GATT agreement and we must make use of it.

If the intellectual property rights are not applied the way it should be and if they are not fulfilled within the appropriate and suitable time needed – which would not be less than ten years – such issue might kill the Egyptian medicine industry.

Mr. Khamis also said that the American Minister of Trade has objected the ten years grace period, saying that it is a very long duration. Khamis on his part says that such comment by an American official is very serious or even dangerous, because this implies that the things the capitalist world would not be able to gain by means of the GATT agreement could be gained by other means of economic pressure.

Therefore, the current circumstances and the current applied pressures on us are nothing but a result of abusing the influence of all international organizations to serve one exact goal which is the interests of the capitalist super powers.

Mr. Khamis said that we demand the Egyptian government to stick to every legitimate and available thing we have regarding this agreement and never give up our rights.

He said we also demand that we should work together, hand in hand and shoulder by shoulder, to enhance the economic development of Egypt, or else we would be nothing but monkeys which people come to watch as a mean of amusement and entertainment.

We should never save any effort for enhancing our industry and our economy and we should know that this is not contradictory to the international agreements.

Regarding the Middle Eastern market proposed by the Israeli Prime-Minister, Simon Perez, Mr. Khamis says that in Perez book, particularly in page 87 till the end of the book, the Israeli Prime-Minister has been talking about Egyptian economy and the role of Egypt in the Middle East, saying that it is a trivial role, and describing it as very limited.

Therefore, we should understand that the Israeli aim is to marginalize the Egyptian role in the so-called Middle Eastern market. Still we will not allow that to happen.

Mr. Khamis quoted President Mubarak when the President said that there will be no peace without Egypt and that there will be no freedom in the region without Egypt. Consequently, there will be no Middle Eastern market without Egypt as well.

Mr. Khamis says that the inquiry that should impose itself now is "What is needed to accelerate the capability of the Egyptian industries to face the challenge?"

He answers by saying that the challenge lies in fact in the liberalization of trade through the agreements, the economic reform programs and the GATT. We, as Egyptian industrialists, have a certain perspective to enhance development in Egypt because after the cancellation of the custom tariffs, the world would be converted into a small unified village.

Therefore, after the end of the classical era of relative advantage and competitive advantage of industries, and after the eradication of all barriers together with the transportation and communication revolution, the real advantage would be the human being.

The human being will be a decisive factor and it is the actual advantage element which decides through training and capability to work, perform and produce at the lowest cost and the highest productivity, the future of every economy.

He said that this is the challenge that faces us all at the moment. Machines are present everywhere in the world. The real difference is the human being who operates the machines.

The human being is the one that controls all other elements of production, assembling them together and make them function. The human being is the producer as well as the consumer at the same time.

Demands of Egyptian industrialists

Mr. Khamis says that we should do nothing now but realize the facts of the current variables in the field of technology and the on-going development that is taking place.

We are going to venture into a more accelerated world where the change introduced in one month would equal all the changes that took place in decades, and things will become much speedier than the way they were in the 1980s.

The challenge we have to face now is to understand whether we can properly make use of the time available for us to protect the Egyptian industry till we arrive to the shore of safety or not. In fact, despite all the advantages granted to investment in Egypt, all countries of the world are in search of investors.

For example, Saudi Arabia is providing a great deal of support to attract investors. Israel also grants 38% of the invested capital for the ones who venture into certain projects. Even the European countries are willing to provide all kind of supported assistance to attract investors.

Therefore, the investment incentives are not enough anymore as the sole factor for attracting investors because all other countries of the world provide similar incentives.

Among the advantages that the investors get outside Egypt is the possibility of reducing one-quarter or one-third of interests when establishing a new project. The advantages which the United States is allowing for investors include free-of-tax bonds to the ones who start new projects.

In Europe, the investors get 25% discount of interest when establishing new projects and getting loans from banks.

Regarding the specific demands of the Federation of Egyptian Industrialists, the Head of the Federation, Mr. Mohamed Farid Khamis, says: We have three sets of demands. Some of them have already implemented, such as the drawback. Yet the rate of meeting our demands is still slow and we need to see more acceleration in this regard.

The first set of demands is represented by the fact that we are not against opening the door for imports, we are not even against full liberalization of the economy, but we demand protection of the Egyptian industry from the non-covalent and unjust competition which arises from three particular sources: the partial or full smuggling of commodities.

In any commercial street in Egypt you might find large piles of ready-made clothes that are not allowed to be imported. This is evidence that full smuggling of these commodities takes place.

The partial smuggling takes place through the false bills. The Federation of Egyptian Industrialists managed to set certain standard guiding prices for the customs of the imported commodities.

The second source of unjust competition arises from the subsidies which the producers receive from their governments abroad. The evidence for that is the incident in the United States when the American administration imposed fines against the polyester fabrics mounting to 17%.

The subsidies are also represented in the commodities that are manufactured in some countries inside the prisons the way things happen in China. In addition, some subsidies are provided to the ill-reputed cars which are not matching the standards and specifications of performance and safety. Continuing to import such cars in Egypt will lead to killing the Egyptian automotive industry.

Some countries provide even direct subsidies to exporters, such as India and Indonesia.

The third means for the unjust competition arises from the dumping policies. The biggest example was the ill fate of the Egyptian poultry industry which cost the Egyptian producers 7 billion Egyptian pounds to establish.

Still such industry was killed because one of the government officials said that the price of one chicken in France is half a pound cheaper than the price in Egypt.

Therefore, we demand the Egyptian government to protect the Egyptian industry from the illegal and unjust competition. Nobody can ever argue that this demand from our side is not a just one. No one in the world would say that we do not have the right to demand so, not even the IMF or any other international organization.

Where the advocates of privatization?

The second group of the demands of the Egyptian industrialists arises from the fact that we are willing to meet the requests of the Egyptian government and work for increasing our exports, and we will also agree to accept competition and accept lowering the customs on imported commodities.

Yet at the same time we demand that we should be allowed to operate in similar cost environment to that of the foreign competitor who would export his products and sell them in Egypt.

We need to have similar circumstances for our production regarding that foreign exporter or any other manufacturer in the world. The evidence for the discrepancy in this regard lies in the fact that some fully manufactured commodities in Egypt shoulder extra burdens regarding the cost as well as extra burdens from other sources that are not due to the bad performance or the failure of the Egyptian worker. Such burdens are not due to lack of advanced technology either.

Yet the real reason for these burdens and higher costs lie in certain administrative decisions and decrees made by some Egyptian departments and ministries which would lead at the end to an increase of cost of some 11% for some Egyptian products.

There is another example of the mismanagement of the Egyptian industry services which is the governmental monopoly of Egyptian containers services. Why should a public sector company monopolize this service? Where are the advocates of privatization to discuss that and point that privatization is a must in this regard and free competition should be allowed regarding serving the Egyptian containers.

Is it reasonable that the fees of one lifting machine at this company reach 2200 pounds while the fees at Hamburg in Germany are only 75 German Marks? Even in the American ports such fees would not reach 100 to 120 dollars.

There is also the problem of the sales taxes which mount to 10% over the imported machines to the Egyptian industry in addition to 1% port fees for all Egyptian imports.

The imports of machines and spare parts were not exempted from these fees, despite the fact that every government official says that a better treatment would be granted to the tools of production. In fact, every official is using the slogan of "fees for services" to collect more money from us starting from the police authorities and ending by the port authorities.

Mr. Khamis says that these are among the burdens which the Egyptian industrialists demand the Egyptian government to help them to get rid of.

The third set of demands arises from our need to certain policies and certain incentives to investors and industrialists. This would include lowering the interest rates especially that no country in the world ever established an industry without providing a lot of aid and support to the industrialists.

Such support or incentive could be in an indirect form such as allowing certain taxation exemption to the industrialists because the industry men of Egypt are the ones who would lead the Egyptian history and they are stakeholders in this matter.

We can make this anticipated leap forward if we stand together side by side and forge more cooperation between the government and the industrialists. We only need to arrange ourselves and set our ranks together. We are willing to

explain more about our situation to the government so we can arrive together to the best and most sound decision.

Moreover, we demand the Egyptian negotiator to be very firm regarding our rights when negotiating with foreign entities. So the other party would not give us something with one hand and take it with the other. Mr. Khamis says that the Egyptian industrialists do accept the challenge and they are capable to introduce change.

We need to look differently at our investor. We need a totally different perspective when looking at the industry regarding the high barriers of protection that are there everywhere.

Commodities for export

Regarding the optimal choice for the commodities for export, the Head of the Federation of Egyptian Industries says that all the commodities that can be produced could be exported. Yet we need to produce with an optimal quantity that would make exporting worthwhile.

It is elementary to be very specific when choosing the design and applying it. Moreover, capability and innovation are truly elementary. We as Egyptians are capable of meeting these requirements.

There is also a necessity to choose the commodities which Egypt has a history about, i.e. we can build upon the traditional furniture industry as well as the leather and shoes industry, and textiles. Despite all the difficulties which these industries are facing at the moment, they are still very liable to succeed in the foreign markets and become leading export industries.

Al-Ahram al-Iktissadi: A sign of hope

Dr. Kamal Abul Eid, the Head of the Industrial Development Bank, said that among all the negative aspects which the Egyptian industry is facing at the moment, the Chief Editor of Al-Ahram al-Iktissadi magazine, Mr. Essam Refaat, managed to open a window of hope for us by organizing this seminar.

Dr. Abul Eid added that there must be a lot of support to the industry because it is the sector that would lead the development and progress of Egypt. He said it is not reasonable at all to see the Egyptian Industrial Development Bank receiving loans with 15% interest rate and then lend them to the industrial factories at 18%. He said that in every country of the world there is an industrial development bank that is capable of granting loans with only 5% interest rate.

Therefore, he calls for the cancellation and elimination of the Egyptian Industrial Development Bank which he shares, or else to help the Bank to survive by means of providing certain ways to help the Bank to assist the Egyptian industry even in an indirect way.

Change and improvement are the keys for the advance of industry

By: May Taha Khalil

Within the framework of this seminar attended by many people involved with the Egyptian industry and investment, a number of side meetings took place regarding how to help and advance the Egyptian industry.

Industrial projects free of taxes

The first meeting was held with Dr. Mohieddin el Gharib, the Head of the Investment Authority, where he talked about the things made so far to implement the directives of President Mubarak regarding the new investment projects which has a capital less than 5 million Egyptian pounds. Dr. El Gharib said that the number of such projects has reached 120 now, and they are mostly in the industrial sector.

The Investment Authority is working for providing all kinds of possible facilitation and assistance to these projects, such as helping them to acquire land to establish the projects and help them with the transactions with banks as well as notifying the taxation authorities to exempt these projects from taxes for the first ten years if the projects are held in the new urban community areas.

The Investment Authority is providing also such facilitation when the project meets the principle condition regarding its location. The location of the project or factory should be suitable to the nature of its activity.

This means that the tourist projects should be established in the touristic areas while the industrial ones should be established in the new community areas.

Regarding the impact of the GATT agreement on the Egyptian industry, Dr. El Gharib says that this agreement will put the Egyptian industry before a very serious challenge as it will compete with the foreign industry because the GATT will open the door fully for international competition.

As an example, he said that Egypt had a quota of textile exports to the United States. Such quota used to ensure a certain flow of Egyptian exports to the American market. Still when the GATT agreement is fully implemented, the quota system will be cancelled and consequently the Egyptian textile industry would be in an open field competition with the similar products from the various parts of the world.

This will put the Egyptian producers before a very serious challenge which will require restructuring the Egyptian industry starting now in order to enhance its productivity, lower its costs and improve the standards and levels of quality, diversification and perfection.

Dr. El Gharib added that Egypt is keen to implement suitable custom tariffs which would help protecting the Egyptian domestic product as well as the consumer at the same time. Still we must note that according to the GATT agreement the whole world would be forced to introduce relative decrease of custom tariffs on imported commodities.

Therefore, again, the Egyptian products will be facing fierce competition with the imported ones. Consequently, it is elementary to exert more effort and pay more attention to enhancing the capability of the Egyptian industry to compete as well as to help it lower the costs of production by means of reconsidering the various applied policies regarding the prices of raw material, the price of energy, as well as other elements that would help the Egyptian local industry to compete inside Egypt and abroad.

Quality is the Safety Shield for the Industry

The second meeting was with Willy Delfoe, the General Director of one of the foreign companies in Egypt which is working for producing, developing and marketing high quality products.

Mr. Delfoe says that the principle philosophy of this company is producing high quality commodities that match the ones produced by other countries. He said they managed to achieve this goal through their factories in 6th of October City.

Meanwhile, most of the company products are consumed in the local market. They started exporting to Saudi Arabia and some other countries including European ones. Mr. Delfoe emphasized two main points:

1. Prices must be competitive so as you can export because you basically compete with similar products where price becomes a decisive factor.
2. Products must be of very high quality.

He said that if these two points are met, the products will be capable of competing and there will be no sharp impact of the GATT agreement. He gave an example of the products made by his company saying that as long as they match the international standards, there are no side effects expected, and he does not expect the gap to affect their industry.

Mr. Delfoe also adds that we must be certain that all infrastructure facilities are available and encouraging the exports including the roads, transportation, shipping, and all.

He said it is elementary to provide all possible facilities by the government side and the government should also remove all bureaucratic obstacles that hinder exports.

He also added another point which is now very much understood by the Egyptian government when he said that there is a need to convince some countries to lower or remove the custom fees and taxes imposed on the Egyptian exported commodities.

So far the issue is there because if these Egyptian products were the cheapest, such customs imposed by other countries would increase its price and thus the Egyptian products lose a very important advantage. Mr. Delfoe concluded his remarks by emphasizing three main points:

1. Achieving the quality.
2. Lowering prices.
3. Obtaining support, assistance and encouragement from the government.

He said that these three points are quite enough to remove all obstacles before the Egyptian products to become competitive in the global market.

Change is the Starting Point

The next meeting was with Dr. Saleh Khalil, the Head of Gaza Jericho Committee affiliated to American Trade Chamber in Egypt. He said he believes that change is the starting point for developing the Egyptian industry.

He defines change as coping with the dynamic new situations and circumstances in the world and keeping up with them. He points that there are many ways to achieve that, including:

1. Use of modern technology.
2. Paying attention and conformity with the international standards and specifications such as the ISO 9000 series.
3. Self-reliance in developing the tools of production, lowering the cost and enhancing the efficiency of the Egyptian product. This will inevitably be based on using the nonfunctioning capabilities such as the research centers.
4. The private sector should realize that in addition to having rights that should be served by the society by means of protecting and supporting its products, the private sector also has certain duties such as encouraging the research centers, enhancing the standards of labor and the laborers and other elementary things. He pointed that in the United States, all industries aim at generating profit. Yet profit should not be the only goal. It is elementary to use part of the product in enhancing performance so as things would lead at the end to improving the livelihood conditions of the worker. He also emphasized that the private sector should be keen to provide the worker with suitable life because this is the key to make the workers' productivity high and increasing, and in turn will benefit the business owner.
5. The role of the government in this context will be encouraging the private sector to go further in this direction. The government could for example deduce all the expenditure of the private sector aimed at developing the community from the taxes it should pay.

6. Creating a wide public base that absorbs and comprehends all these changes so as to become a support platform to the industry. This can be achieved by developing the education system in principle and becoming more convinced that change will be for our interest on the long run.
7. The recommendations proposed by such intellectual seminars and meetings should go out in the open and implemented in real life. Such a discussion is not a goal in itself, it is only a preliminary introduction to open the gate for the businessmen and industrialists to operate and expand their activities.
8. Issuing new legislations that would be more flexible with the foreign investors by means of delegating the authority of decision making regarding industries to lower levels of government.

Dr. Saleh Khalil also talked about the Gaza Jericho Committee which he chairs, saying that the committee was established to enhance the commercial economic and industrial cooperation between the Egyptian, the American and the Palestinian businessmen to develop the West Bank and Gaza strip.

To serve its goals, this committee is working for providing all the necessary information about the situation in Gaza and the West Bank to the investors, in addition to providing information about the Egyptian businessmen who are willing to participate in developing this region so as their projects will be on equal footing with the ones of the foreign investors who are working for developing the Palestinian self-rule areas.

He also said that this committee is preparing a visit of Egyptian and American businessmen to the West Bank and Gaza strip to see for themselves the investment opportunities in this regard, as well as preparing for a round

table seminar that will be held in Egypt involving a group of top global leaders who would present the EU, Egypt, United States and the Palestinians to discuss all means and possibilities of investment in the Palestinian territories.

He also said that the committee he chair will issue a guide booklet for all the Egyptian companies willing to participate in developing the Palestinian areas as well as the Egyptian businessmen who are willing to take part in this initiative.

More Care to Enhancing the Capabilities of National Industry

Mr. Essam Refaat, the Chief Editor of Al-Ahram al-Iktissadi, said that industry as a profession needs a lot of funding. Actually, funding is the hardcore of it. Therefore it is elementary to provide all sorts of support to the Egyptian industry.

Mr. Talaat Ghabbour from Ghabbour group said that we need to revise the cost for all Egyptian industries before venturing into the global market. We also need to have a clear strategy for providing protection to the Egyptian industry and work for making the Egyptian industrialists enjoy the same circumstances of other industrialists in the world.

It is elementary to provide them with high quality raw materials at reasonable prices and with reasonable interest rate that would allow them to compete in the world, especially as the world now is competing on the basis of the reserves of raw materials.

The competition is very fierce and it is calculated by the hour. Therefore, the government should have considered many things before lifting the protection and ending the support to the Egyptian industries.

The government should have helped the industrialists to take the industry on the right track first before ending all types of protection and venturing into full liberalization.

Mr. Ghabbour said that the industrialists are witnessing enormous pressures. He said that in his own industry, the automotive one, he needs iron, and the irregularity of iron protection from iron and steel factories, is jeopardizing this industry in Egypt. Therefore there is a need to provide the raw materials that meet the international required specifications for a good producer at a good timing.

Regarding the sales tax, Mr. Ghabbour said that such system is applied all over the world and it is being collected from the producer after selling the product from the end trader. Yet in Egypt, the sales tax and the customs are collected four months before selling the product. This is a great problem which is hindering the Egyptian manufacturers from competing in the export markets and putting them behind in international competition.

One Million Dollars without Interest

Mr. Talaat Ghabbour said that it is quite possible to fund the projects from the Bank of Industrial Development without any interests by means of using the soft loans and aid provided to the government by foreign governments and international agencies.

He said that such system used to exist and that the government used to extend such money to banks for only 2% interest annually. Last year, he himself got one million dollars loan without any interest.

He said he has demanded before in one of the governmental conferences to solve the problems of industry including the proposition of the idea of

establishing a bank that can get a share of the soft and easy loans extended to the government in order to extend it to the industrialists without higher cost.

Such loans can be distributed to the different manufacturer so they can present their products in the local and international markets and start to have an existence in the global industrial community. This is at least the role the government should play to enhance industry.

Financial Sacrifice from the Government Side

Mr. Mohamed Ghanem tackled the problems of the Egyptian industry and said that among the negative aspects that we suffer from is the fact that we import 70% of our food needs due to the low productivity of our agricultural crops.

He added that there is much talk about the importance of exporting and still I, as an exporter, face lots of problems when attempting to do so. We have many acute and persisting problems which we need to face immediately. We face various challenges in the present and still we will face more in the future.

The Egyptian manufacturers should be granted enough opportunity to stabilize their industries because they cannot compete in the international markets while they are strangled with all these obstacles and challenges.

He also pointed that all the demands of the industrialists are financial ones. In order to improve the level of production and its quality, we need money to reduce the cost.

He said: "I need the money; therefore there must be some financial sacrifice from the government side so I can produce good products that can bring profit.

The State also needs financial resources and we must work together to change our administrative thought and make it more progressive and advanced.

The State goes to taxation and increases the taxes when it needs financial resources. Yet the end result would be halting all the processes of production and export because of the higher burdens. This would also lead to lay-off of labor and escalation of the problem of unemployment".

Mr. Mohamed Ghanem says that the problems and negative aspects of the GATT agreement are truly numerous. We must agree with the IMF on four particular items that should be put into consideration. They are:

1. Disturbing the expansion of industry and not allowing it the opportunity to grow will lead to more unemployment.
2. Not increasing the rate of exports and more expansion of imports will lead to a great disturbance in the balance of payments which the government is not ready to face or to burden more financial dues.
3. Regarding the introduction of services into the GATT agreement, it is possible that the GATT comes to Egypt and asks us why Egypt monopolizes the passage into the Suez Canal. This will lead to losing the revenues of the Suez Canal.
4. We must work for guaranteeing a certain amount of subsidies and support to both agriculture and industry in Egypt.

Still Mr. Ghanem reiterates that the challenges of the present are more important than the challenges of the future, though both should be faced.

The Challenges of the Future are the Exit

Mr. Essam Refaat, the Economist commentator, says that we have certain problems at the present, but still we are entangled in the vicious circle of the present while the challenges of the future might provide the exit for us.

Mr. Talaat el Tarabishy, journalist from Al-Wafd Paper, says that the Egyptian role will be very marginal in the proposed Middle Eastern markets, i.e. Israel, Palestine, Jordan, Lebanon, Syria and the others who have strong relations with Israel will have the upper hand.

Moreover, only 10% of Egyptian companies apply the ISO 9000 specifications. This means that our exports will remain the same without any expansion or enhancement, especially after the collapse of the Soviet Union and the Soviet market which was a big market for the Egyptian exports.

Slow Rate

Dr. Ibrahim Fawzy, Minister of Industry and Mineral Wealth, started talking about the issue and says that the current discussion reflects true and real problems and many justified demands by the industrialists. He said that he agrees on all the issues raised.

Still he believes that the main point is the degree of government's ability to move and take actions especially as the funding resources are limited and still everything is all about cost.

The Minister said that the movement and interaction between the government and the industry men is moving in the right direction. Yet the rate is very slow. Still he says: "All that I demand is considering things and join the government in thinking of ways out of the current situation if the government

had all the extra financial resources needed it would have done exactly the same like the American or the European governments".

The Minister also said: "If we had had the money we would have extended low interest funding to all industries and the government would have the due financial sacrifice".

In addition, the Minister said that the circumstances imposed by the GATT agreement and the emergence of the new settings of global competition constitute a reality which the industrialists as well as the government have to live with. On the government side, we are doing everything we can especially that the government is aiming at preserving its image among other nations so as to continue receiving grants and loans.

The Minister said that the challenges of the present and those of the future are the same and we need not separate this from that. It is elementary to set common visions by the industrialists and the government to arrive at suitable financial solutions. The banks are also invited to provide more facilitation to the local manufacturers.

Regarding the exports services, the Minister of Industry wonders: why wouldn't the Egyptian industrialists buy one of the banks that are offered for sale and privatization instead of establishing a new one? Why venturing into the easy projects that can easily succeed and can bring swift revenues instead of accepting a real challenge?

He pointed that if the government was able to respond to some financial demands by the industry men it would have done that immediately, especially that such demands are very much persistent and justified.

He said: "The government has lots of burdens to shoulder such as providing food and basic services as well as combating terrorism in addition to being involved in many international systems that are imposed on the government side as well as the private sector and the industrialists."

The Minister proposed that everyone involved in the industry business should make a vow to support and help the locally produced commodities and stick with the Egyptian industry.

He says that the government and the industry men should work hand in hand to enhance the Egyptian production instead of just demanding the government to assist the local industry through the grants it gets.

Mr. Essam Refaat commented on the Minister saying that the relationship between the Egyptian banking sector and the Egyptian industry must be revised and reconsidered. It needs full reformation or reformulation.

There is a great need for much higher coordination between the Federation of Egyptian Industries and the Banks Federation. Mr. Refaat says that a seminar will be organized on this particular topic next March.

Presenting the Shares in the Stock Exchange Market

Mr. Mohamed Farid Khamis said that the Egyptian industrialists demand the government to stop selling the projects in Egypt in the key hand-over way that is used at the moment. He said that these selling processes should be in the form of laying the project into the stock exchange in the form of shares. Such system would allow the workers inside each factory or company to buy between 10 to 15% of the company shares.

This would be helped by funding from Egyptian banks which now hold billions of pounds that can be used for this purpose. In addition, putting these shares into the stock market would attract more foreign investors to invest in Egypt.

Therefore it is a must to vitalize the function of the stock exchange in Egypt even if we need to bring experts from abroad to restructure and re-regulate the financial market in Egypt.

Mr. Khamis says: "We demand the government to reconsider all the burdens which the Egyptian manufacturer is shouldering at the moment, while the foreign ones don't. Administrative burdens are truly high and the Egyptian manufacturer is unique in burdening all that while other manufacturers in the world do not do so."

Regarding the vow proposed by the Minister of Industry, the Head of the Egyptian Federation for Industries says: "We give the Minister this vow from our side. Still it is about time for the new government not to allow the key hand-over project deals to continue anymore. We demand the Minister to stop doing this in return for the vow that we made".

Mr. Khamis also said that there is a need for an intensive media campaign to vitalize the slogan "Buy the Egyptian product to provide a job for your son". He said: "I demand the government which actually exerted a lot of effort in Sinai reconstruction plans to propose such plan to the businessmen in order to allow them to study, especially that Sinai is the strategic entrance for Egypt and it is full of potential.

To Sell to the Workers or the Investors?

Dr. Ibrahim Fawzy, the Minister of Industry, commented on the discussion, saying: "Selling companies is quite possible and valid as it is line with the government's policies, yet the debate is about whether to start selling to individuals first or to investors.

The fact is that the revenue of these companies at the moment is very weak; therefore if we agree with a foreign company to buy the shares of a company that is being sold, things would be quite different from the incident where the government sells 10% of the shares to the workers of that company.

If we sell to the workers first, we would not be able to bargain with the foreign buyer to get a high price for the shares. The foreigners come to buy with full information about the shares they wish to buy".

The Minister emphasized that the government is not against selling the shares to Egyptians. Still it follows a certain policy that would enable maximizing the revenues of selling the shares of companies.

Regarding the governmental role, the Minister says that the government is facing a difficult situation which is even more difficult than the situation of the private sector.

The government has to sell the companies by the key turnover system because it needs to develop other basic projects especially as the international organizations providing loans demand allowing full competition for all commodities.

This means that we should allow full access to foreign companies into the Egyptian market. Yet if the Egyptian industry managed to obtain loans from Egyptian banks and make profits, in this case the government would not need to ask for foreign assistance.

So the case is not about the government not playing its role, but the fact is that time has changed and we don't have any more the strong cards that we had in the past. The government is providing everything it can provide and we must all be convinced that the government is fully doing its role.

The Concluding Session

The concluding session of the first intellectual forum for the industry men was basically about the standards and industrial specifications. The session was chaired by Dr. Ibrahim Fawzy; the keynote speaker was Dr. Mohamed Helal, the Head of Board of the Egyptian Authority for Standards Unification and Production Quality. Dr. Helal says:

The whole world including the institutions involved in economic activities as well as the ones on trade and finance have all realized now that the new world economic order must be based on a full and complete application of a unified system for the standards and specifications unification.

Such systems are now globalized and they are playing a very vital role in modernizing and developing the world's standards and specifications as well as the systems of total quality management.

There is also a very important recognition of interdependence and correlation among all institutions involved with the standards on the local, regional and international levels.

Dr. Helal says that as long as such system became international in its form and content, it became the predominant regulator of all economic activities whether industrial, commercial or in the field of services.

Therefore it is elementary to put all these services and activities under international standards, rules and systems of monitoring and revision. This is maintained by various local and international recognized authorities.

Accreditation of the procedures of such institutions is internationally recognized as a way for assuring the quality of management and the appropriate administration and performance of the financial facilities. This will in turn emphasize the quality of the product and production as a whole.

The end result would be facilitating the commercial international transactions without the need to much revision or contradiction with other relevant international groups.

Dr. Helal also points that when reviewing the history of standards and specifications and the history of industry itself, it is very apparent that standards specifications have been invented in order to ensure unified production that would be a standard one, and thus easing the transaction of raw materials, commodities, spare parts, components and the final end products.

The governing standard for every industrial facility was the degree of its conformity and that of its products to the standards specifications.

People in charge of monitoring and supervising the quality of products came to play a much wider and broader role as well as the international inspection offices especially when a transaction takes place between importers and exporters from different countries.

All these elements are interplaying within a framework of a stable or semi-stable international economic system.

Moreover, Dr. Mohamed Helal said that the current history we live at the moment is witnessing an unprecedented phase of human development and evolution of various variables and transformations.

This is associated with the ascendance of many forces of change in various parts of the world. Situations and circumstances are very much changing in a very speedy way. Such changes are touching upon everything. It involves all human spheres, in politics, sociology, economy and industry.

He said that the societal and political systems and structures are dissolved and being replaced by other newer ones which the most optimistic people would not have imagined years and decades ago.

Therefore, the economic relations and the international economic and industrial systems as well as the principle production forces in the world are very much changing and they are in a state of high speed of change and evolution.

The world is witnessing a very high level of dynamism which involves all the super industrial powers including the United States, Japan, the so-called Asian Tigers and the European continent.

On the other side, the developing countries and the emerging ones are either at or on the way to either growth or falling behind into an eco-social gap which would be widening and widening over the days.

He also says that the world is now witnessing enormous technological innovations and breakthroughs in science, technology and IT. Such new advancements are vitalizing the production capabilities and imposing new

circumstances on human community at the same time. This has reflected on the new social and economic world order.

On the other hand, the developing world is trying to reach an international labor doctrine that would facilitate the transfer and modification of technology among various countries in order to make use of the benefits of modern technology.

The third world countries are also trying to set a certain type of balance between the limitations, restrictions and guarantees that govern the relationship between the technology owners and the technology recipients.

The ones who have the patents and the intellectual property are setting certain conditions for allowing the transfer of technology to the license requesters. There has been an enormous dialogue in all international concerned organizations dealing with trade, industry, development, economy, industrial property rights and intellectual property rights regarding the issue of patents and industrial models as well as the standards specifications and the quality systems, all aiming at dealing with these issues.

Some international concerned institutions are also involved in research and development of these new areas, while more are getting involved into the administration of innovations, inventions, predictions and futuristic studies.

Dr. Helal says that such dialogue has now settled or almost about to be settled. Still the new features of the new global economic system are getting into shape. They are almost clear now after the proceedings of the Tokyo round and the Uruguay round as well as others.

This was also more crystallized after the announcement of the European community for the upcoming phase and the statements of the Latin American countries, Japan and the Far East new Tigers.

They all emphasize among other things the willing to participate in a free global economy that is based on free competition as well as guarantees that emphasize abiding with technical standards and rules, including the conditions and specifications made for security, health or environmental purposes.

Still they say that such conditions should never constitute obstacles against free international trade especially regarding the ways of manufacture and production which are playing much higher role in international trade at the moment.

There is much more focus now in the provisions and articles of any project or international treaty on these areas. The governmental bodies of all countries are much more involved into this and they are either establishing or enhancing the unified standards and specifications authorities and processes.

They are also enhancing the issues of monitoring and evaluation as well as the technical specifications and rules.

They all point that such specifications and regulations should not be imposing any constraints to trade. There is also an emphasis on the ways of detecting the violations to these rules and the justifications for the measures made in case of such incidents.

Dr. Helal added in his comments that the texts of the proposed drafts or bills concerned with unified standards and measures are more putting details into these issues and asking the governmental authorities to implement them as much as possible.

He gave an example to the technical requirements of a certain product which would set certain rules based on certain conditions proposed by the producer regarding the performance instead of just dealing with the designs or the descriptive features.

Such technical rules should not be maintained if the rules and circumstances that led to imposing them do not exist any more. If the ever-changing circumstances and rules impose new features and new needs they should be met in a certain way, but still with the least restrictions to international trade.

The parties of any agreement are now forced to use the international standards or parts of them as the basis for the technical rules they follow. This is a must unless these standards are not efficient or inappropriate. If things are so, they should specify and clarify the reasons for their objection.

There is also more focus on preparing and implementing the measures for estimating the degree of conformity in order to allow more opportunity to other countries' products to access various markets.

Still the conditions should be unified and standardized and not less detailed than the specifications imposed on providers of similar products of local origin or produced by other countries.

In case of changing or amending the specifications of any commodity, this must be announced as early as possible so as all other concerned parties can recognize that and behave accordingly. There should be a suitable lag period or timeframe between publicizing the reasons for amending certain specifications or measures and applying the new ones.

There will also be enough time for estimation of conformity and applying the new amendments to allow the various producers in the exporting countries to get their products in conformity with the new standards and the new ways of production requested by the importing countries.

In case there is no recommendation or specific specification made by some international authority for a certain commodity or in case the content of a certain amendment for the specifications of some commodities is not in line with the recommendations of a certain governmental authority, also in case if such new measure (recommendation or new specifications) would have a certain impact on the trade of certain parties, it would be a must to announce the new situation and specify the mode of handling of this status and the purpose for doing so.

Dr. Helal says there are other elements to the internationally proposed agreements including the recognition of the concerned government authorities of the new specifications and the conformity measures to inspect the degree of conformity of a certain product with the standards and specifications set.

It is recommended that a satisfactory understanding is reached between the various parties regarding the suitable or appropriate technical efficiency of a certain aspect of a product or reaching a mutual recognition agreement regarding the measures of estimating conformity.

There are other aspects including not allowing the local municipal authorities or any other governmental or non-governmental one to do the conformity tests without being accredited from the central governmental bodies and doing so under certain law or decree.

The new features also impose that each country should adopt a certain international system for estimating the conformity of commodities and such

country should be a member in that system, or become a party in certain international or regional systems related to it.

There is also the idea of establishing information centers within the central governmental bodies concerned with national standards and specifications. Such centers should respond to the questions or inquiries of other countries or other parties as well as providing the forms and documents concerned with the standards, specifications and technical rules proposed or actually implemented inside this country as well as the measures for testing the conformity being applied.

Dr. Helal has pointed clearly that in emphasis to this global trend, the concerned bodies in charge of standards unification in various countries of the world, especially the advanced ones, got very much active and involved in revising, modernizing and updating the technical recommendations and rules as well as the standards and specifications of various commodities.

They also worked for updating the testing measures and methods to a great extent. Countries that are members in certain regional or sub-regional blocks (on a continental level or a sub-continental level) are working together to unify their rules, standards and specifications in order to act together when stepping into a stronger economic system that is based on unified standards and specifications as well as technical rules for goods and commodities.

This is an attempt arrive at the highest possible level of quality and easing as much as possible the movement of trade and commodities among various countries.

This has led the European community to assign the European committee for specifications and the ones on electric specifications to revise the international

specifications imposed by the ISO systems as well as the specifications issued by each European country.

The aim is to come out with unified European standards and specifications as well as rules and recommendations as an initial step towards the ultimate goal of forging the European economic unity.

At the international level, the International Organization for Specifications has accelerated its activity (through its technical committees) to approve a program for revision, modernization and addition to the current specifications.

It even went further towards adding and enhancing a new element to its activities in the field of specifications of systems. Thus, the series of ISO 9000 appeared to the world to add a very elementary and crucial element to the new global economic system.

It became one of the most influential and intervening elements in the fields of industry, trade, competition and marketing. This has even added a new strategic element to the governmental authorities regarding their missions, functions, responsibilities and activities.

Such specifications are represented by a number of requirements that should be fulfilled to ensure the quality, accuracy and update of the organization or facility performance in all the technical, administrative and financial actions or activities it undertakes.

The importance of applying the total quality control system came from Japan. This originally American origin system is considered the key element and the secret for the Japanese economic and industrial progress.

The system has been enhanced, advanced and applied to a much wider level in the Japanese service and industrial economic facilities leading to a real breakthrough in the Japanese industry, trade and economy.

The system is based on a number of specific principles and concepts as well as an advanced system for total quality assurance.

The system aims at satisfying the demands and even the anticipations of the client, consumer and the end beneficiaries in general. Such concept is now being transformed into a framework of standard specifications so as its measures can be measurable, testable and verified.

This would add new specifications for the systems and constitute a new element to the current human civilization in the fields of environment, safety, security, research and development and human development as a whole.

Dr. Helal also said that modern industry is not based any more on certain teams and groups that are highly trained and continuously developed. It is now constituted of certain operations with a specific steps and specific methods for performance so as the industrial process as a whole takes place without any mistakes, in addition to rationalizing the use of energy, raw materials and time, limiting the waste and reducing the cost.

Modern industry is also involved now with correction measures as well as continuous research and development to enhance the efficiency of performance and the productivity of the industrial facility.

There is now a much higher sense of cost and the consequences of decision making. All types of costs are now calculated. Modern industry now has a much higher sense of marketing and competition.

It applies modern total quality control systems. It is now based on modern principles of trade and administration, using the top knowledge sciences in this regards. Therefore, the role of inspection and monitoring is now much limited.

Standard specifications left no sphere in the realm of industry as well as transactions among various parties without handling it. Therefore, specifications for the industry are a new language that has its own alphabet, rules, provisions and international and local spheres. It deals with all these elements in a holistic way.

Therefore, it is elementary to learn about this and to use it in order to limit any deviation or defect in our industry. In a globalized new free economic system, it is elementary to know about the international rules and legislations governing it.