

**Report# 106**

**BUSINESS AND POLITICS IN THE MUSLIM WORLD**

**Fertile Crescent**

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**Social front:****Summary****Egypt**

The State Security Prosecution has coined a new set of charges against Muslim Brotherhood leaders detained earlier this week and remanded in custody for another 15 days. The new accusations allege that the detained Deputy Supreme Guide of the group Mahmoud Ezzat, is in fact the actual Supreme Guide of the International Muslim Brotherhood movement, a position for which he was chosen last month. Analysts have described the recent crackdown as a way to stem Egypt's most popular opposition group's political appeal.

Amnesty International called for the immediate and unconditional release of the Muslim Brotherhood members detained in raids before dawn. Amnesty considers the Brotherhood members prisoners of conscience, detained merely for their peaceful political activities.

"Amnesty International calls on the Egyptian authorities to stop their crackdown on peaceful political dissent and uphold the rights to freedoms of expression, association and assembly in Egypt," an Amnesty statement read.

**Economic front:**

Egypt wants to add new names to a UN-approved list of firms with certified carbon offset credits to trade and is offering soft loans and other incentives to encourage polluters to clean up, top environment officials said. Egypt is only a small player in Kyoto Protocol's Clean Development Mechanism (CDM) that allows carbon savings from clean energy projects in developing states to be sold to buyers in rich nations seeking to meet mandatory emissions targets. Mawaheb Abou El-Azm, chief executive of the Egyptian Environmental Affairs Agency, said she wanted to raise awareness of the scheme to encourage more firms to apply and is offering donor-backed loans to help firms meet environmental rules.

Egypt's urban annual consumer price inflation climbed to 13.6 percent in the year to January, at the top end of analysts' expectations, state statistics agency figures indicated. Annual inflation in December was 13.3 percent, the figures showed. Eight analysts had forecast urban inflation the most closely watched indicator of prices between 13.0 and 13.6 percent. The average forecast

was 13.25 percent. Beltone Economist Reham ElDesoki said food prices were higher in January due in part to increased demand ahead of the Jan. 7 Coptic Christmas.

Egypt's economy, buoyed by climbing exports, should grow by 5.5 percent in fiscal 2010/11 and attract \$10 billion in foreign direct investment (FDI) as it recovers from the global economic crisis, a minister said. The growth forecast matches the consensus of 15 independent economists polled by Reuters last month and is stronger than projections for any of the Gulf Arab states apart from Qatar and for neighbors Turkey and Israel. "Factors contributing to this 5.5 percent growth are Suez Canal growth rates and the exports growth level going back to normal," Economic Development Minister Osman Mohamed Osman told a news conference. Osman said the tourism industry, a major foreign currency earner for Egypt accounting for around 11 percent of its gross domestic product, had bounced back from troughs in late 2008 and early 2009.

The Israeli economic newspaper Calcalist reported that an agreement changing the price of Egyptian natural gas exports to the Israel Electric Corporation (IEC) came into effect, according to Egypt's Newspaper Al Masry Al Youm The IEC also announced that new contracts signed with East Mediterranean Gas (EMG), the Egyptian company exporting natural gas to Israel, are now in force. The Israeli paper wrote that prices have increased from US\$2.75 to around US\$4 per British thermal unit (Btu), signifying a 45 percent rise. The new contracts specify that Israel should receive 2.1 million Btu of Egyptian natural gas annually for 20 years. The deal was estimated to be worth US\$10 billion.

Several governorates reported a slight improvement in the butane gas cylinders' crisis after the supply of cylinders in distribution outlets was increased following violent clashes that left one person dead, three injured and several arrested. A plumber in Imbaba died in a fight with a truck driver's assistant after he'd jumped on the truck to take one of the cylinders. Clashes also broke out in Giza, Sixth of October and Helwan governorates over gas cylinders.

An American expert in economics warned that American and Egyptian economic relations pay a hefty price because of the tensions that mar the relationship between Cairo and Washington. Barbara Kotschwar said that the differences on political and human rights issues in Egypt adversely affect the economic ties between the two nations. Kotschwar, an expert at the Peterson Institute for International Economic Studies – a research center in Washington DC – said that there were a number of issues that contributed to the lack of development in the discussions toward inking a free trade agreement between the two countries, "including political and human rights issues in Egypt, in addition to US domestic policies."

Egypt's economy recorded its fastest growth in more than a year in the fourth quarter, boosted by tourism, construction and manufacturing, Economic Development Minister Osman Mohamed Osman said. The economy of the most populous Arab country expanded 5.1 percent, Osman said in an interview today in Cairo, faster than his earlier forecast. Economic growth was 4.9 percent

in the previous three months. “We have turned a corner,” he said. The central bank reduced its benchmark interest rates six times in 2009 to support economic growth. The economy may expand more than 5 percent in the fiscal year through June. Initial data indicated the economy grew 4.5 percent in the fourth quarter, Osman said in January.

## **Lebanon**

### **Political front:**

Interior Minister Ziad Baroud and USAID Mission Director Denise Herbol signed a memorandum of understanding on technical support for Lebanon’s municipal elections, funded by the US government and implemented by the International Foundation for Electoral Systems (IFES).

The Cabinet approved the adoption of pre-printed ballots in the upcoming municipal elections scheduled for June but ministers failed to reach an agreement over other disputed reforms. Information Minister Tarek Mitri told reporters following the Cabinet meeting at the Baabda Presidential Palace that the council of ministers discussed the adoption of proportional representation and the direct election of mayors and their deputies by the voters but failed to reach an agreement.

### **Economic front:**

The Institute of International Finance (IIF) revised upward its estimate for economic growth in Lebanon to 8.7 percent in 2009 from 6 percent previously. It said the new estimate is the highest growth rate in the region, and is an improvement over an already impressive real GDP growth rate of 8.2 percent in 2008, as reported by Lebanon This Week, the economic publication of the Byblos Bank Group. It added that while most emerging economies suffered sharp slowdowns in 2008 and 2009, Lebanon has enjoyed a surprisingly countercyclical growth pattern, as its economy grew faster than China and India last year.

### **Lebanon ill prepared to deal with disasters**

In view of the recent disastrous events which have taken place on Lebanese soil (floods), deep beneath its ground (earthquakes) and in its air space (the Ethiopian air tragedy), a pertinent and necessary question must be asked: Is Lebanon ready for the next major disaster? Lebanon, like many other third world and Arab countries, is certainly not prepared to prevent major disasters nor is it ready to deal with their aftermaths. It is against this background that the author of this article was commissioned to carry out two studies for the United Nations Development Program to assess the needs and the capacities of the Lebanese government in the field of disaster risk reduction. With increased talk in the media about the need for a disaster risk reduction unit, it is useful to review in laymen’s terms the hazards that Lebanon is subjected to, the main ingredients

of any disaster risk reduction unit, and what the main priorities should be for any disaster risk reduction unit in Lebanon over the next few years.

## **Israel and Palestine**

**Political front:** The Yisrael Beiteinu party has submitted a bill to allow expatriates to vote, and is hoping to have the Ministerial Committee for Legislation discuss it. But Labor and Shas have already announced they will oppose the bill in its current format, making it unlikely to pass even if the committee does agree to take it up. Yisrael Beiteinu's proposal would allow anyone who has held an Israeli passport for at least 10 years to vote in Israeli elections. Likud, meanwhile, is working on drafting its own absentee voting bill, however its proposal is less sweeping than Yisrael Beiteinu's.

Haaretz Palestinian Authority President Mahmoud Abbas plans to boycott the Arab League summit planned for March 27 if Hamas political bureau chief Khaled Meshal attends, according to a report Saturday on Al-Jazeera. According to the report, senior PA officials said they have received information that Libya, which is hosting the summit, is planning a bid to have the two leaders sign a reconciliation agreement. The report adds that Abbas is wary of Egypt's response to such a reconciliation effort.

Haaretz Service and The Associated Press- Hamas leader Khaled Meshal will visit Russia next week for talks on ending a Palestinian split and bringing about a resumption of peace talks with Israel, the Russian government said. Hamas, which is backed by Syria and Iran, has been shunned by the West over the Islamist group's refusal to recognize Israel, renounce violence and accept existing interim Israeli-Palestinian peace deals.

## **Iraq**

**Political front:** There is a ruinous struggle going on in Iraq since April, 2003, when U.S. forces entered Baghdad. It resembles in several aspects a war in proxy fought under the umbrella of U.S. occupation. The combatants are Iran and parties such as Saudi Arabia and other destructive forces some of which are Arabs by identity. The struggle has been the bloodiest one can imagine. Its victims have been the sons and daughters of the Iraqi people.

Almost all the candidates who contested their ban from Iraq's upcoming parliamentary election did not submit their cases properly and may have lost the chance to appeal, an Iraqi legal body said today. Nearly 500 candidates for Iraq's March 7 vote were disqualified from standing in the election by the Justice and Accountability Commission for alleged links to Saddam Hussein's outlawed Ba'ath party, sparking political uproar.

The campaign for Iraq's parliamentary elections officially started today amid a continuing controversy over a ban on scores of candidates. Many of those on the blacklist were banned for

links to the Ba'ath party of former Iraqi leader Saddam Hussein. The ban raised tensions between Sunni Muslims and Shi'ites, with many Sunni Muslims -- who were dominant under Hussein -- complaining they were being discriminated against by the Shi'ite-led government.

**Economic front:** Iraq has urged Iran to implement a memorandum of understanding under which Iranian firms are required to implement big housing and construction projects in the country. Housing and Reconstruction Minister Bayan Dazaai said big projects awaited Iranian firms among them bridges and large housing projects. The countries signed the memorandum last year. Iran had promised to engage its firms in Iraq's post-war reconstruction. Iranian firms are very active across the country and shops in Iraq brim with Iranian goods. Currently a senior Iranian construction and housing official, Hassan Danabi, is visiting Iraq exploring business opportunities for Iranian firms.

### **Detailed news**

### **EGYPT**

#### **Political front:**

#### **BROTHERHOOD'S EZZAT CHARGED WITH BEING GROUP'S 'CLANDESTINE' LEADER**

Daily News Egypt: February 12, 2010: The State Security Prosecution has coined a new set of charges against Muslim Brotherhood leaders detained earlier this week and remanded in custody for another 15 days. The new accusations allege that the detained Deputy Supreme Guide of the group Mahmoud Ezzat, is in fact the actual Supreme Guide of the International Muslim Brotherhood movement, a position for which he was chosen last month. Analysts have described the recent crackdown as a way to stem Egypt's most popular opposition group's political appeal. "These are charges that have no legal meaning...if Ezzat is the secret Supreme Guide, does this mean that the public one [recently elected Mohamed Badae'] is not official?" said Daa Rashwan, an expert on Islamic movements at Al-Ahram Center for Political and Strategic Studies. "There has been a general consensus that the detention of the Brotherhood's senior officials is a way to pressure the group in a year of parliamentary elections," explained Rashwan. Ezzat and members of the Guidance Office Essam El-Erian and Abdul-Rahman Al-Barr are accused of setting up a body aligned with the thinking of former Brotherhood member, Sayyed Qotb, who was executed in the 1960s and whose ideas have inspired militants. They are facing charges of forming training camps to launch attacks to overthrow the political regime with the belief that violence is the way to change the current leadership in Egypt. Last Monday, state security arrested 15 prominent MB leaders including Ezzat, El-Erian, Al-Barr and other senior members of the group nation-wide. In an official statement on Wednesday night, the Muslim Brotherhood commented on the latest detentions saying, "They [the members] were arrested having done nothing except call for reform and freedom and for adopting a moderate approach,

which Egypt needs the most at this time.” The group asserted that “these arrests would not change the path they have chosen for the progress of the nation and they will continue their struggle with all available peaceful means to promote freedom and to fight corruption and tyranny.” They have also questioned whether there is a relationship between the arrests and the group’s plans to make public appeals for solidarity with the Palestinian resistance and “the besieged people of Gaza,” as well as the upcoming parliamentary and presidential elections. Hussein Ibrahim, head of the Muslim Brotherhood bloc at the People’s Assembly described the charges against Ezzat as being the undercover Supreme Guide as “hilarious.” “We are a peaceful group that operates in the public eye and there is nothing such as the official Supreme Guide and the undercover one; this all shows how State Security has fabricated the charges and they didn’t even do it wisely,” he explained. “If this wasn’t obvious to everyone then international organizations and human rights activists wouldn’t have reacted this way, condemning the arrests and calling on the government to release them,” Ibrahim said. Hafez Abu Saeda, secretary general of the Egyptian Organization for Human Rights, called on the government to release the Muslim Brotherhood members and all other political detainees, “lifting the state of emergency, which is incompatible with claims of a reform process and to return to constitutional legality and natural law,” he said in a press statement. “The state of emergency is the legal instrument that is being used to violate the right to peaceful assembly, the right to liberty and security and other rights which were guaranteed under the Egyptian Constitution and international covenants on human rights,” he added. Amnesty International has also called on Egyptian authorities to “stop their crackdown on peaceful political dissent and uphold the rights to freedoms of expression, association and assembly in Egypt.” Meanwhile, a Suez Criminal Court has ordered the release of 25 members of the Muslim Brotherhood in Suez after spending more than three months in prison charged with belonging to a banned group. “It’s a good step but it came very late,” Muslim Brotherhood lawyer Abdel Meniem Abdel Maqsood said according to press reports, adding that their detention was unconstitutional to begin with.

### **DETAINED MB LEADERS FACE FRESH CHARGES**

Daily News Egypt: February 10, 2010: The 15 Muslim Brotherhood leaders detained earlier this week are facing a new set of charges, including forming training camps to launch attacks. The group’s deputy leader Mohamed Ezzat and members of the Guidance Office Essam El-Erian and Abdul-Rahman Al-Barr are accused of setting up a body aligned with the thinking of former Brotherhood member, Sayyed Qotb, who was executed in the 1960s and whose ideas have inspired militants. They are also facing charges of belonging to a banned group that is jeopardizing state security and disrupting social peace. Abdel Moneim Abdel Maqsood, the group’s lawyer, said the detainees are not giving any statements during the interrogations by state security since “it is obvious that they have already made their verdict,” which is to detain the group for 15 days pending investigation. He also pointed out that there is possibly a link between the recent intense crackdown on the group and the parliamentary elections set to take

place later this year. Last Monday, state security arrested 15 prominent MB leaders including Ezzat, El-Erian, Al-Barr and other senior officials of the group nation-wide. One of the detainees, Mohamed Saad Elewa, suffered a heart attack while being transported in a state security vehicle, he was then transferred to the Heart Institute in Imbaba. In a press statement, Amnesty International called on Egyptian authorities to “stop their crackdown on peaceful political dissent and uphold the rights to freedoms of expression, association and assembly in Egypt.” They also called on authorities “to uphold their international obligations to safeguard the rights to freedoms of expression, association and assembly, and in particular to end the pervasive practices of administrative detention and trying civilians before military courts.” The organization also calls on the UN Human Rights Council, due to scrutinize Egypt’s human rights record on Feb. 17 in the framework of the United Nations’ Universal Periodic Review, to give attention to the Egyptian authorities’ continuing misuse of emergency powers to quash opposition at home.”

### **PROMINENT MUSLIM BROTHERHOOD MEMBERS ARRESTED IN DAWN CRACKDOWN**

Daily News Egypt: February 8, 2010: Prominent members of the Muslim Brotherhood including its Deputy Supreme Guide Mahmoud Ezzat and members of its Guidance Office were arrested in raids before dawn. Along with the newly appointed Ezzat, newly appointed members to the Guidance Office Essam El-Erian and Abdurahman Al-Barr were also taken, as well as group leaders from various governorates. There were 14 arrests in all and they are being held in three separate locations, but these locations are not known. Arrests were also carried out in Alexandria, Giza, Sharqiya and Assuit. According to the group’s website, authorities also raided the house of another Guidance Office member, Muhi Hamid, but he was not home at the time. “These arrests are unjustified and illegal and coming right before the Shoura Council elections and the parliamentary and presidential elections, so this seems to indicate that it’s related,” head of the Brotherhood’s parliamentary bloc Hussein Ibrahim told Daily News Egypt. Egypt is due to hold the Shoura (Advisory) Council elections in April. The elections for the People’s Assembly are due in October and presidential elections are to be held in 2011. “We hope the Egyptian people refuse the message of this crackdown because the Brotherhood have the right to pursue their civil and personal rights,” Ibrahim added. The group is considered illegal by the state, but enjoys wide popularity and a parliamentary presence that makes them the biggest opposition bloc in the People’s Assembly, although officially they are independents. Since winning one-fifth of the PA seats in 2005, the group has suffered repeated crackdowns at the hands of the state and some of their more prominent members, like Mohamed Khayrat El-Shater, are serving prison sentences for financing and belonging to a banned group. The Muslim Brotherhood have recently gone through an acrimonious process in selecting a new Supreme Guide and Guidance Office which saw former Deputy Supreme Guide Mohamed Habib leave the group in protest. Last month, Mohamed Badie was picked as the new Supreme Guide of the group to replace Mohamed

Mahdi Akef. The Guidance Office — which is the group's highest authority and headed by the Supreme Guide — was appointed a few weeks before. The new appointments were perceived as a power struggle between moderates and hardliners, with the hardliners seemingly winning after Ezzat was appointed the Deputy Supreme Guide and the most prominent moderate Abdel-Moneim Aboul-Fotouh was excluded from the new Guidance Office. Only El-Erian was appointed to the Guidance Office from the camp that was considered moderate. "The arrests won't affect our persistence to exercise our rights that are guaranteed by the Egyptian constitution," Ibrahim said.

### **Hard days ahead for the MB**

The latest security clampdown on the Brotherhood's leadership heralds an even tougher policy, writes Amira Howeidy. Few would argue that official policy towards the Muslim Brotherhood (MB) has changed much in the last 30 years. The opposition group is "banned" but "tolerated": it is allowed to exist but is subject to repeated security blows which ensure the group remains weaker than its size might suggest. Recently, this long-running dynamic took a sensational twist, turning the ongoing state-versus-Brotherhood policy into headline-making news. First came the MB's much hyped internal elections in December, the first in 14 years, which exposed a rift within the organisation between "hardliners" and "reformists". The former now form the majority on the Guidance Bureau following a poll that was marred by accusations of wrongdoing from inside and outside the group. It resulted in the resignation of Mohamed Habib, first deputy to the then supreme guide Mahdi Akef, who charged that Akef and Mahmoud Ezzat -- champion of the hardliners -- had orchestrated a coup to purge the group of reformists. By mid-January a new supreme guide, 67-year old Mohamed Badei, a redoubtable hardliner, was elected. The poll exposed rifts within the MB. As such it was widely seen as a blow to the Brotherhood's popularity and reputation. Some pundits went so far as to speculate that given the damage to the group's image inflicted by its internal elections the security apparatus may well have played a part in the fracas, brokering a deal with the hardliners, a claim both sides denied. Events this week seem to confirm the denials. In the early hours of Monday, 8 February, state security forces arrested 14 members of the group in raids in five governorates. The dawn arrests included Mahmoud Ezzat and two newly elected members of the Guidance Bureau, Essam El-Erian, head of the organisation's politburo, and Abdel-Rahman El-Bar, a professor at Al-Azhar University. A fourth member of the Guidance Bureau, Mohei Hamed, turned himself in on Tuesday after security forces raided his home in Sharqiya governorate on Monday in his absence. The Guidance Bureau -- four of whose members now join Khairat El-Shater in detention -- is the most senior body in the 82-year-old Brotherhood's hierarchy. After the 8 February arrests almost 30 per cent of the group's leadership is now behind bars. Diaan Rashwan, a seasoned expert in Islamic movements, predicts that further security raids, targeting, among others, Guidance Bureau member and former MP Mohamed Mursi, a professor of engineering in Zagazig University. "Mursi is Mahmoud Ezzat's faithful supporter and heads the Brotherhood's political

section," Rashwan told Al-Ahram Weekly. "He is the man who supervises the MB's participation in elections." Prosecutors began interrogating the defendants on Tuesday. The charges come as no surprise: "Belonging to an illegal organisation which seeks to obstruct state institutions from performing their role, damaging security and social peace, possession of papers and leaflets that propagate the outlawed group's thought." This time, though, prosecutors added a novel accusation to the usual litany of charges, forming "an underground organisation" based on the ideas of Sayed Qotb, the influential ideologue and political philosopher who joined the Brotherhood in the 1950s and authored books that are widely interpreted as anti-state. His controversial Milestones (1964) is most often interpreted as a takfir text that denounces even Muslim societies and states that do not conform with Islamic Sharia as guilty of apostasy. He was executed by the regime of Gamal Abdel-Nasser in 1966. The state security prosecution alleges that the underground Qotbist group has "wings" in seven Egyptian governorates. All 16 defendants were remanded in custody for 15 days pending investigations. The group's lawyer, Abdel-Meneim Abdel-Maqsoud, says the detainees have refrained from making any statements during interrogations, insisting "they have faced the same allegations repeatedly in the past and have nothing new to say." "This is a political conflict between the state and the MB and should not be taking place in court rooms or involve state security prosecution." Commentators have drawn attention to the timing of the crackdown, with Shura Council elections due in spring, and parliamentary elections scheduled in November. Rashwan doubts that the MB has any interest in the former. "The Shura Council vote is not important for the group and contesting it is viewed as a waste of time and energy." The MB's focus, he says, is on parliamentary elections, which following the constitutional amendments of 2007 no longer fall under judicial supervision. Leading MB figure Abdel-Meneim Abul-Fotouh, a reformist who failed in the group's December elections and was removed from its Guidance Bureau, told the Weekly that "the security apparatus knows that the coming elections, in the absence of judicial supervision, will not see Brotherhood successes". Why then, he asks, "the detentions and raids on people's homes in front of their families and children at dawn" which serve "only to tarnish Egypt's image unnecessarily?" The London-based Amnesty International issued a statement on Tuesday which described the detainees as "prisoners of conscience" and called for their immediate release. The statement also condemned state policy against the group "which holds around a fifth of the seats" in parliament. Amnesty called on the UN Human Right Council, due to scrutinise Egypt's human rights record later this month, to give "attention to the Egyptian authorities' continuing misuse of emergency powers to quash opposition at home". The arrests recall the major clampdown on the Brotherhood in 1995, when the group's Downtown headquarters was forced to close and 27 members were tried before military courts. The 1995 security campaign, points out Rashwan, also preceded parliamentary elections by 10 months. What is happening today is a repeat of what Rashwan calls a "slaughter the cat" policy, referring to a well-known Egyptian proverb on the pre-emptive show of strength. "The objective is to put the Brotherhood on the defensive," says Rashwan. He views the group's internal elections as an act of "defiance" towards the regime. The political message contained in Mahdi Akef's decision to step down as supreme guide and hold an

election to determine his successor was not, after all, hard to read. "It would be wrong to assume that the Brotherhood's new leadership is hardline stream and therefore passive or inert," insists Rashwan. Badei, the new supreme guide, certainly seems intent on undermining such an assumption. He is a fixture of the media, making statements on the coming elections and MB plans to form coalitions with other political parties in order to contest them. "The recent clampdown," Rashwan suggests, "might be the security apparatus correcting a mistake to which it contributed."

### **Egypt says Brotherhood members planned attacks: lawyer**

Wed Feb 10, 2010 (Reuters) - Egyptian authorities have accused detained senior members of the Muslim Brotherhood, the country's biggest opposition group, of trying to set up training camps for staging attacks, the group's lawyer said on Wednesday. **WORLD** Three senior officials of the Brotherhood were among 16 members rounded up early on Monday morning in the latest of a series of swoops, which the group says are aimed at disrupting preparations for parliamentary elections due later this year. "Such charges have been leveled by state security investigations before and the judiciary has found them baseless," said lawyer Abdel-Moneim Abdel-Maksoud. "It is possible that the state's purpose in this latest case is to escalate matters to lead to a military trial of Brotherhood members," he told Reuters. State security had also accused Brotherhood deputy leader Mohamed Ezzat and two other senior members, Essam el-Erian and Abdel-Rahman el-Bir, of setting up a body aligned with the thinking of former Brotherhood leader, Sayyed Qotb, who was executed in the 1960s and whose ideas have inspired militants. The officially banned Brotherhood renounced violence in the 1970s, and says it wants peaceful political reform to establish a democratic, Islamic state. In 2005 it won a fifth of seats in parliament when members ran as independents, making up the biggest opposition bloc by far. Since then the authorities have increasingly sidelined the group from mainstream politics, and analysts expect its presence to shrink in the election due in the second half of the year. A source at the prosecution office said the people rounded up on Monday were being detained for 15 days for investigation but they had not been formally charged. Detention periods are often renewed many times. Brotherhood sources initially said 14 members had been detained on Monday, but later said two more were rounded up. **EXCEPTIONAL COURTS** Rights groups say Egypt has used "exceptional" courts such as emergency and military courts to secure guilty verdicts. They point to swift and often harsh sentences passed by the courts against Islamist militants in the 1990s. This week's arrests follow the group's first internal election in 14 years in December. Such an election in 1995 provoked a crackdown and the first military trial for the Brotherhood during President Hosni Mubarak's rule. Since then, Brotherhood members have been tried in military courts several times, the Brotherhood said. The last such trial was in 2007 when Brotherhood members were jailed after being found guilty of terrorism and money-laundering. Most have completed their sentences except Khairat el-Shatir and Hasan Malik, who remain

imprisoned. Amnesty International called that trial unfair, calling on authorities to stop trying civilians in military courts.

### **AMNESTY CALLS FOR BROTHERHOOD MEMBERS' RELEASE**

Daily News Egypt: February 9, 2010: Amnesty International called for the immediate and unconditional release of the Muslim Brotherhood members detained in raids before dawn. Amnesty considers the Brotherhood members prisoners of conscience, detained merely for their peaceful political activities. Prominent members of the Muslim Brotherhood including its Deputy Supreme Guide Mahmoud Ezzat and members of its Guidance Office including Essam El-Erian and Abdurahman Al-Barr were arrested Monday, as well as group leaders from various governorates. "Amnesty International calls on the Egyptian authorities to stop their crackdown on peaceful political dissent and uphold the rights to freedoms of expression, association and assembly in Egypt," an Amnesty statement read. The statement comes a week before Egypt's human rights records are reviewed in the framework of the Universal Periodic Review on Feb. 17. The organization called on the UN Human Rights Council to "to give attention to the Egyptian authorities' continuing misuse of emergency powers to quash opposition at home," the statement said. Amnesty identifies an intensification of the crackdown on the Muslim Brotherhood in the lead up to the elections for parliament's upper house, the Shoura Council, in Spring 2010 and lower house, the People's Assembly, in Autumn 2010. Muslim Brotherhood members are regularly subjected to arbitrary arrest and many are held under administrative detention orders for months without charge or trial on the order of the Minister of Interior, according to the statement. The organization said it documented cases of members of the Muslim Brotherhood, all civilians, being brought to trial before military courts. This, Amnesty said, violates the right to a fair and public hearing before a competent, independent and impartial tribunal established by law. Martin Scheinin, the UN's Special Rapporteur on the promotion and protection of human rights while countering terrorism, criticized such trials in October 2009. In November 2009, the Supreme Court of Military Appeals confirmed sentences of up to seven years' imprisonment imposed on 18 leading members of the Muslim Brotherhood, who had been subjected to a "grossly unfair" trial before a military court in Cairo in April 2008. The organization said it has been denied permission to observe the trial of the members of the Muslim Brotherhood before military courts despite several attempts.

### **Geo strategic front:**

#### **Cooperation talks with Mali**

MENA- Sunday, February 14, 2010

President Hosni Mubarak held talks Sunday with Malian President Amadou Toumani Toure, the US chairman of the Joint Chiefs of Staff, Mile Mullen, and the African Union's Darfur Committee members. Mubarak discussed means to resolve Darfur crisis and support for peace

between north and south Sudan with the members of African Committee of Darfur, the official Middle East News Agency (MENA) reported. It added that the committee members include former South African president Thabo Mbeki and Burundi's former president Pierre Buyoya. Later in the day, Mubarak held talks with Mullen, who started a Middle East tour that Arab media reports say was focused on concerns about Iran's controversial nuclear programme. Meanwhile, Mubarak and Mali's Toure discussed African issues of bilateral concern and bilateral ties. The Malian President is accompanied by a ministerial delegation, who held talks with their Egyptian counterparts on bolstering trade and investment ties between the two countries.

### **Talks to produce Egyptian jet fighter**

The Egyptian Gazette- Saturday, February 13, 2010 A former Egyptian military official, who now heads an industrial corporation, said yesterday his institution was holding talks with a foreign partner over a new project to produce Egypt's first fighter jet."The Arab Organisation for Industrialisation is approaching a foreign partner to co-operate in producing a fighter plane with a high percentage of Egyptian components," Hamdi Weheiba, the head of the governmental organisation was quoted as saying by the official Middle East News Agency (MENA) Saturday. He added that if negotiations were finalised, "the locally produced plane will meet the Egyptian Armed Forces' needs as its price will be reasonable". "The Authority will try to maintain a good quality with international standards for the fighter jet," Weheiba added. However, the official, the ex-head of the Egyptian Army's Chief of Staff, said that the exportation of such a plane or any other military products was subjected to a "political decision". "Exporting our products has nothing to do with the economy. It's merely a political by the Egyptian leadership," Weheiba told the agency. An offshoot of the 1973 War against Israel was the Arab Organisation for Industrialisation which, collapsed after Egypt signed a peace deal with Israel in 1979.

### **UN URGES EGYPT, ARAB LEAGUE TO PRESS ISRAEL ON GAZA**

Agence France-Presse: February 9, 2010: The head of the UN agency for Palestinian refugees, Filippo Grandi, on Monday urged Egypt and the Arab League to press Israel to allow reconstruction equipment into the blockaded Gaza Strip. "I am in Cairo to discuss the situation in Gaza and to call on the Cairo government and the Arab League to continue pressure on the state of Israel to lift entry restrictions on people and construction equipment," he told AFP. Israel has imposed a tight blockade on the Gaza Strip since the Islamist movement Hamas ousted loyalists of President Mahmoud Abbas's secular Fatah party, taking control of the enclave in June 2007. The Jewish state launched a 22-day war on Gaza that ended on January 18, 2009 and killed about 1,400 Palestinians. Thirteen Israelis also died during the offensive which devastated the already impoverished coastal enclave. Israel refuses to let construction materials into Gaza for fear that Hamas would use it for military purposes. "We respect Israel's security concerns. They are legitimate concerns, but we have offered very precise guarantees that the material we receive would only be used for our reconstruction projects," Grandi said. "We have very strict

procedures, and we are very scrupulous as far as the use of the resources we receive for our projects" is concerned, he said. Grandi, who was appointed commissioner general of the United Nations Relief and Works Agency (UNRWA) for Palestinian refugees on January 20, on Sunday met Arab League chief Amr Moussa and Egyptian Foreign Minister Ahmed Aboul Gheit. Egypt is the current president of UNRWA's Advisory Commission, a committee grouping 23 countries tasked with assisting in the agency's work. According to Grandi, the situation in Gaza can only be described as a "very serious crisis." "It's a crisis that affects all aspects of life for the residents of Gaza," he said. "It's an economic crisis with a crumbling private sector, it's a social crisis, a crisis of institutions, it's a very serious general crisis that the banning of construction material renders even more serious," he said. Grandi also called for the lifting of the blockade imposed on the Gaza Strip, saying that in the long term, it will be a risk for Israel and the region. "As an occupying power, Israel has the responsibility to let goods get into the Gaza Strip," he said. The fact that Israel does not do so "has created an illegal economy based on smuggling through tunnels," under the border with Egypt, he said. "It is a risk for the stability of the Gaza Strip, for the whole region and for the security of Israel."

### **LEBANON BACKS HEZBOLLAH AGAINST ISRAEL**

Associated Press: February 10, 2010: Lebanon's prime minister voiced concern Wednesday about "escalating" Israeli war threats, and said his government will support the Shia Muslim group Hezbollah if a new war breaks out with the Jewish state. Saad Hariri's comments come amid heightened tensions in the Middle East following some of the sharpest exchanges in years between Israel and its Arab neighbors. It also comes in the context of improved relations between Hariri's Western-backed coalition and the Iranian-backed Hezbollah since the two sides were forced to coexist in a fragile national unity government formed in November. The cabinet includes two ministers from the group Hezbollah, which fought Israel to a standstill in a month-long war in 2006 and clashed with supporters of Hariri in 2008. "We hear a lot of Israeli threats day in and day out," Hariri said in an interview posted on the BBC's Web site Wednesday. "Every day we have Israeli warplanes entering Lebanese airspace. This is something that is escalating, and this is something that is really dangerous." Hariri said Lebanon, which has a notoriously fractious political system, would unite if there is a fresh conflict with Israel. "I think they're (Israelis) betting that there might be some division in Lebanon, if there is a war against us," Hariri said. "There won't be a division in Lebanon. We will stand against Israel. We will stand with our own people." Israel's foreign minister brushed aside the Lebanese leader's warning. "As prime minister, he's simply a hostage of Hezbollah, which has veto power in his Cabinet," Avigdor Lieberman told Israel's Army Radio. Hariri's coalition narrowly defeated a Hezbollah-led coalition in parliamentary elections last year, enabling it to retain a slim majority in the 128-member legislature. Hariri, however, was unable to form a government without Hezbollah and its allies, fearing a repeat of sectarian violence seen in 2008, when Hezbollah fighters swept through Sunni neighborhoods of Beirut after the government moved to curb the

group's military communications network. Hariri said Hezbollah would be included in the government whether Israel likes it or not. Like previous governments, Hariri's government endorsed Hezbollah's right to keep its weapons and has been loath to take any strong action against the group for fear of sparking a crisis. Asked whether there might be a new war involving Lebanon and Syria, Lieberman said: "I very much hope not." "We have no interest in heating up the fronts with any of our neighbors. At the same time, we won't be a punching bag. And we won't shrug off vitriol that's directed at Israel," he said. Lebanon's president warned Israel Tuesday that a war against Lebanon will be "no picnic." Last week, Syria's foreign minister accused Israel of "spreading an atmosphere of war" in the region after Israel's Defense Minister Ehud Barak warned that the stalled peace process with Syria could result in an all-out regional war. Walid Al-Moallem warned Israelis that "a war at this time will be transferred to your cities." Lieberman said the Syrians "crossed a red line" and warned Syria its army would be defeated and its regime would collapse in a future conflict.

### **EGYPT STEPS UP SECURITY ON GAZA SEA BORDER**

AFP: February 8, 2010: Egypt is stepping up security on its maritime frontier with Gaza in a bid to prevent smuggling by sea, as work continues on an underground barrier along the land border, a security official said Sunday. Authorities have begun construction of a port for boats of Egypt's security forces to "prevent all future attempts to smuggle Palestinian contraband through the maritime border," the official said. "Egypt has set up a full plan to guarantee security on its maritime and terrestrial border with Gaza. There is construction work currently taking place ... and more is being studied," he said. Witnesses told AFP that vehicles were seen transporting large blocks of stone to the beach in January before work started last week. Egyptian construction work is also taking place along the land border with the Hamas-ruled Gaza Strip, in a bid to end smuggling through a network of underground tunnels, the official said. Hamas has protested against the construction as the enclave is under a tight Israeli blockade. The tunnels are mainly used for food, fuel and household appliances, but Hamas also uses them to import weapons into the territory. Egypt began work on the controversial barrier after pressure from Israel and the United States to prevent arms from entering Gaza. President Hosni Mubarak has defended the barrier as a matter of "national security" and "sovereignty." –AFP

### **ABBAS MULLS INDIRECT TALKS WITH ISRAEL: PALESTINIAN OFFICIAL**

Agence France-Presse: February 8, 2010: Palestinian President Mahmoud Abbas has agreed in principle to indirect talks with Israel under US mediation but has requested a number of guarantees, a Palestinian official said. The latest US proposal for renewing peace talks suspended more than a year ago would have the two sides hold three months of indirect negotiations and have Israel make several goodwill gestures to the Palestinians. The Palestinians would continue to require a complete freeze of Israeli settlements before any direct negotiations but not as a precondition to indirect talks. "These contacts will be aimed at creating a better climate and

reaching an understanding on the borders of the Palestinian state, and they will begin on February 20," the official told AFP on condition of anonymity. "They will last three months, with the Americans negotiating directly with the two sides after determining a timetable and agreed-upon mechanisms for implementation." The official said US Middle East envoy George Mitchell would shuttle between the two sides, either traveling between Jerusalem and the West Bank political capital of Ramallah or between separate rooms at a hotel or other location. Under the proposal, Israel would implement a five-point initiative proposed by Mitchell that would include the freeing of Palestinian prisoners and a halt to Israeli incursions in Palestinian cities, the official said. Israel would also transfer additional areas of the West Bank to Palestinian control, reopen Palestinian political offices in east Jerusalem, and allow building materials and other goods into the Hamas-ruled Gaza Strip. Abbas has also demanded that Washington present a document with its position regarding final status issues, including the fate of Palestinian refugees, the status of Jerusalem and final borders, the official said. "President Abbas wants to know the American position, announced or written, on these guidelines and what the administration will do if Netanyahu does not agree to them," the official said. Chief Palestinian negotiator Saeb Erakat confirmed that Mitchell had put forth new suggestions but said Abbas had not yet responded to them. "Abbas has not yet given an answer on Mitchell's suggestions but put forth questions for the US administration, which should reply within a week," he told AFP. The two sides have been at loggerheads for months as Washington has called for the renewal of negotiations suspended during the Gaza war in December 2008 and January 2009. The Palestinians have refused to return to the negotiating table without a complete freeze of Jewish settlement growth in the occupied territories, including annexed east Jerusalem, which they claim as their capital. Israeli Prime Minister Benjamin Netanyahu in November imposed a 10-month moratorium on building starts but left out public buildings, projects already under way and east Jerusalem. The Palestinians rejected it as insufficient.

### **Egypt opens Rafah border crossing to patients**

10 FEBRUARY 2010- Police Sources reported that Egypt opened border crossing with the Gaza Strip Wednesday to allow Palestinian medical patients on both sides to cross in and out of the territory, according to Earth Times The border would remain open to patients until Thursday, to allow those who have completed their treatment at Egyptian hospitals to return to Gaza, and to allow patients from the Gaza Strip to be treated in Egyptian hospitals, police told the German Press Agency dpa. With brief exceptions, the border crossing at the divided town of Rafah has been closed since 2007, when Hamas took control of Gaza's security forces, prompting Israel and Egypt to blockade the territory.

### **No breakthrough, still**

Diplomatic efforts to revive the peace process have yet to bear fruit, reports Doaa El-Bey President Hosni Mubarak met with the Palestinian President Mahmoud Abbas earlier this week

to discuss efforts to revive the peace process and ways to narrow the chasm that exists between Fatah and Hamas. US proposals to renew negotiations with Israel, promoted by Washington's Middle East envoy George Mitchell, who has been shuttling between Palestinian and Israel leaders, were also discussed. Although Abbas voiced optimism that the US could push the peace process back on track he asked Washington to clarify some elements of its proposal before any Palestinian response could be given. Mohamed Bassiouni, head of the Shura Council Committee for Foreign and Arab Affairs and National Security, said that provisional talks could be held provided there was a time frame and clear guidelines. "Talks cannot go on forever. The basis on which they are held -- UN resolutions 242 and 338 or the roadmap -- must be made explicit," he told Al-Ahram Weekly. Then, he added, if Abbas secures the necessary guarantees from the US he can take the proposals to the Arab League for discussion. If the Arab League accepts indirect talks can start. Palestinian-Israeli talks collapsed in December 2008 during Israel's assault on Gaza, since when efforts by US President Barack Obama to revive negotiations have all stalled in the face of Israel's refusal to halt settlement construction. During his visit to Cairo Abbas also met with Arab League Secretary-General Amr Moussa. Discussions are "entering a new phase", said Moussa, which could signal renewed peace talks but not, he warned, without a time frame for negotiations in place and a clear-cut agenda. The Arab League, he added, is in regular contact with all concerned parties in the hope a breakthrough can be achieved before next month's Arab leaders summit. Despite the optimistic notes being sounded there is little evidence that either the Palestinians or Israelis have changed their positions. Abbas confirmed after his meeting with Mubarak that the Palestinians still condition the resumption of negotiations on a complete freeze of Israeli settlement building in the West Bank and reject the partial 10-month freeze imposed in late November which excludes East Jerusalem. Israel, meanwhile, insists it will continue to build homes in and around East Jerusalem and settlements elsewhere to accommodate "natural growth". Palestinian-Israeli disagreements are not the only factor hindering the resumption of peace talks. Inter-Palestinian differences are also a barrier. Egyptian mediation between Fatah and Hamas has so far failed to reconcile the two rivals, though Abbas reconfirmed this week that Cairo's role in settling the dispute remains central. Fatah will not, Abbas insisted, meet with Hamas leaders until they sign the Egyptian mediated reconciliation document. Bassiouni rules out any possibility of further discussing the document since it would open the door to additional demands by other Palestinian factions. "The document expresses the viewpoints of 13 Palestinian factions. If any faction still has reservations they can now be considered only during the implementation stage," he said. Cairo's role as a mediator between Fatah and Hamas seemed to become more difficult after Egypt decided to build underground barriers along its border with Gaza to stop smuggling through underground tunnels. Hamas claimed the barriers would lead to Gazans starving, a claim Abbas refutes, pointing out that humanitarian goods can enter Gaza over, not under, the border. Many officials, including Abbas, talk about negotiations with Israel and inter Palestinian reconciliation progressing alongside one another. But without a breakthrough in either it is difficult to see how.

## **Economic front:**

### **EGYPT WANTS MORE FIRMS IN CARBON TRADING SCHEMES**

Reuters: February 10, 2010: Egypt wants to add new names to a UN-approved list of firms with certified carbon offset credits to trade and is offering soft loans and other incentives to encourage polluters to clean up, top environment officials said. Egypt is only a small player in Kyoto Protocol's Clean Development Mechanism (CDM) that allows carbon savings from clean energy projects in developing states to be sold to buyers in rich nations seeking to meet mandatory emissions targets. Mawaheb Abou El-Azm, chief executive of the Egyptian Environmental Affairs Agency, said she wanted to raise awareness of the scheme to encourage more firms to apply and is offering donor-backed loans to help firms meet environmental rules. It would be passive to just tell polluting industries we'll shut you down if you don't improve your conditions ... so we say it will cost you the following and we will provide you with technical assistance and a 20 percent soft loan," she told Reuters in an interview. Egypt could be one of the countries worst hit by climate change. A UN study has said 8 million people could be displaced by a one meter rise in sea levels that would flood swathes of the Nile Delta on the Mediterranean coast. Egypt aims to meet 20 percent of its energy needs from renewable energy by 2020. But it remains plagued by problems ranging from industrial pollution in the crowded capital to tourists diving and degrading Red Sea coral reefs. "Regulatory codes are getting stricter ... The first one couldn't be that strict, because I would have had to shut down the entire country," said Abou El-Azm, referring to an initial set of environmental laws introduced in 1994. She said her agency was now planning to open two branch offices in industrial zones in north and south Egypt to improve inspection and ensure rules are enforced. A key aspect of the agency's efforts is promoting the trade in carbon emission cuts. Four Egyptian firms were registered and now traded under the Clean Development Mechanism, projects involving about \$200 million in investments, said El-Sayed Sabry, who heads the agency's Climate Change Unit. A further eight firms were in the last stages of registration and an Egyptian oversight body would consider approving an application by four more firms, said Sabry. In addition, 43 other firms and projects had been identified as potential candidates, some of them smaller ventures. The certified carbon emission reductions of all projects approved or identified would amount to 8 million tons per year and would involve investments worth about \$1.3 billion, he said. One of the firms already registered for the UN scheme is a wind farm on the east Red Coast, while other possible applicants include projects turning solid waste to fertilizer and firms switching from oil to cleaner burning natural gas.

### **EGYPT INFLATION AT 13.6 PCT IN JAN, FIGURES SHOW**

Reuters: February 10, 2010: Egypt's urban annual consumer price inflation climbed to 13.6 percent in the year to January, at the top end of analysts' expectations, state statistics agency figures indicated on Wednesday. Annual inflation in December was 13.3 percent, the figures

showed. Eight analysts had forecast urban inflation — the most closely watched indicator of prices — between 13.0 and 13.6 percent. The average forecast was 13.25 percent. Beltone Economist Reham ElDesoki said food prices were higher in January due in part to increased demand ahead of the Jan. 7 Coptic Christmas. We expect headline inflation to decline in the months to come, dipping below 10 percent in March and remaining in single digit territory for the remainder of the year, in the absence of supply shocks or one-off factors,” ElDesoki said in an emailed statement after the release of the figures. Last month’s data, published on the agency’s website, showed the consumer price index climbed to 143.6 from 126.4 in January 2009. Prices of food and beverages, which account for more than 40 percent of the weighting of the basket Egypt uses to measure inflation, rose 24 percent from January 2009, the index published by the statistics agency CAPMAS indicated. Analysts are looking for signs that annual urban inflation may be declining, making it easier for the central bank to reduce its key overnight interest rates, which the bank left unchanged at its last three meetings. The bank’s next monetary policy meeting is on March 18. “With our expectation of lower inflation, going forward, we believe interest rates will remain stable at the current levels in the first half of 2010,” ElDesoki said. Meanwhile, January core annual inflation rose to 7.39 percent, higher than analysts had predicted, from 6.85 percent in December, the central bank said on Wednesday. Analysts polled by Reuters had forecast that core annual inflation had risen to an average of 6.88 percent in the year to January. Forecasts ranged from 6.6 percent to 7.1 percent. The figure, which the central bank uses to help determine its monetary policy, excludes fruit and vegetables as well as goods with regulated prices such as petrol.

### **EGYPT FUEL SUBSIDIES TO RISE TO \$12 BLN: MINISTER**

Reuters February 10, 2010: Egyptian fuel subsidies will likely climb to LE 66 billion (\$12 billion) in the current fiscal year to June 30, the oil minister said. The government has said it wants to better target subsidies to the most needy in a country where a fifth of its 78 million people live on less than \$1 a day. Economists say targeting subsidies would help cut the budget burden and reduce waste. Ten years ago it was LE 1.2 billion. This year we expect it at LE 66 billion,” Sameh Fahmy told business executives at an American Chamber of Commerce in Egypt event. The subsidies were LE 52.7 billion in the previous fiscal year, ministry data showed. Egypt subsidizes fuel and other commodities, and also issues ration cards for a basket of consumer goods to a large portion of its citizens. Fahmy said fuel subsidies were at an “unsustainable level, which throws a significant burden on the petroleum sector,” in which state-owned firms play a major role. Prime Minister Ahmed Nazif told Reuters in September that the focus of subsidies would be narrowed to keep costs down. Asked whether there were any plans to change the fuel subsidy system, Fahmy said: “For the short term, we don’t have an announcement to declare but for the long term we have a strategy.” The various subsidy programs cost the government some \$19 billion in 2008/09, accounting for more than one-third

of government spending, according to Finance Ministry data. The government had expected this to drop to 23 percent this year.

### **EGYPT SEES GDP GROWTH AT 5.5 PCT IN 2010/11**

Reuters: February 12, 2010: Egypt's economy, buoyed by climbing exports, should grow by 5.5 percent in fiscal 2010/11 and attract \$10 billion in foreign direct investment (FDI) as it recovers from the global economic crisis, a minister said. The growth forecast matches the consensus of 15 independent economists polled by Reuters last month and is stronger than projections for any of the Gulf Arab states apart from Qatar and for neighbors Turkey and Israel. "Factors contributing to this 5.5 percent growth are Suez Canal growth rates and the exports growth level going back to normal," Economic Development Minister Osman Mohamed Osman told a news conference. Osman said the tourism industry, a major foreign currency earner for Egypt accounting for around 11 percent of its gross domestic product, had bounced back from troughs in late 2008 and early 2009. "Tourism figures indicate that numbers of tourists, touristic nights and revenues have returned to levels from before the financial crisis," he said. Egypt, while protected from the worst of the crisis, was hurt by a decline in tourism earnings, Suez Canal revenue and foreign investment. Growth fell to 4.7 percent last year after having sped along for three years at around 7 percent. Osman said investments in Egyptian industry totaled LE 13 billion (\$2.4 billion) in the six months to the end of 2009, with 80 percent of that coming from the private sector. Non-oil exports added \$4.67 billion to Egypt's earnings in the last three months of 2009, up from \$3.72 billion in the same period of 2008, he said. The petroleum and mineral sector grew 5.6 percent in the quarter, he said without providing figures. Egypt was targeting FDI of \$10 billion this fiscal year and the same amount in the next fiscal year, Osman said, indicating growing confidence in the ability to attract cash from abroad. Earlier this month, Investment Minister Rachid Mohamed Rachid said the \$10 billion target for 2009/10 would be "a tough one" and that demand remained low in export markets such as Europe and the United States.

### **Israel: Higher prices for Egypt gas to Israel**

Written by Egypt News- WEDNESDAY, 10 FEBRUARY 2010- The Israeli economic newspaper Calcalist reported that an agreement changing the price of Egyptian natural gas exports to the Israel Electric Corporation (IEC) came into effect on Tuesday, according to Egypt's Newspaper Al Masry Al Youm The IEC also announced that new contracts signed with East Mediterranean Gas (EMG), the Egyptian company exporting natural gas to Israel, are now in force. The Israeli paper wrote that prices have increased from US\$2.75 to around US\$4 per British thermal unit (Btu), signifying a 45 percent rise. The new contracts specify that Israel should receive 2.1 million Btu of Egyptian natural gas annually for 20 years. The deal was estimated to be worth US\$10 billion. Calcalist reported that the agreement between EMG and the IEC was criticized severely by Yam Thetis, EMG's main competitor. Yam Thetis claimed the

new agreement violates the principle of equal opportunity. The crisis was only defused when Yam Thetis signed an agreement with the Israeli government to supply natural gas at an estimated value of US\$3 billion. An informed source at Egypt's Ministry of Petroleum said that the recent increase in the price of Egyptian natural gas was connected with the trade agreement between EMG and its clients in Israel, most importantly the IEC. According to the petroleum ministry source, the new prices will be implemented retrospectively to all gas sold after the contract took effect. The General Petroleum Authority confirmed last month that the petroleum sector had negotiated with EMG to fix gas prices to be in line with changes in the petroleum and gas markets. The petroleum sector succeeded in raising the price of gas to the EMG and added a clause stipulating the review of prices every five years if the price of gas in Israel undergoes a major change. Egyptian natural gas is exported to Israel according to an agreement signed in 2005. The agreement states that Egypt should export 1.7 billion square meters of natural gas annually to Israel for 20 years.

### **EGYPT'S ANNUALIZED GDP GROWS 5.1 PCT IN OCT-DEC**

Reuters: February 12, 2010: Egypt's gross domestic product increased by an annualized 5.1 percent in the three months to end-December, led by technology, construction and hotels and restaurants, the cabinet said. The economy grew 4.9 percent in the previous quarter while in fiscal 2008/09, which ended in June, it grew 4.7 percent. The Oct-Dec quarter growth was spurred by "a strengthening world economy, increased confidence in the Egyptian economy and business climate and continuing local consumer demand that is pushing the economy," a statement released by the cabinet said. Construction grew by 11.5 percent, the hotels and restaurant sector by 13.1 percent and the communications and information sector by 12.8 percent, the statement said. A Reuters survey of 15 economists on Jan. 26 suggested that gross domestic product growth would accelerate to 5 percent in this fiscal year and to 5.5 percent in 2010/11. The economy slowed sharply last year after the global crisis hit exports, investment, tourism revenues and Suez Canal receipts. In the three years before the slowdown, growth in the North African country was around 7 percent a year. Prime Minister Ahmed Nazif said in October his government aimed to get back above 7 percent within two years. The central bank cut interest rates six times from February to September 2009 to encourage growth, but it has left rates unchanged at its last three policy meetings. –Reuters

### **NEW LAW TO EXPAND EGYPT'S MICROFINANCE MARKET**

Daily News Egypt: February 9, 2010: Microfinance has reached a new developmental stage in Egypt as microfinance institutions (MFIs) are "moving to a commercial footing" rather than acting as primarily philanthropic organizations, a bank executive said. "Today MFIs need access to commercial finance, transactional services support, savings: a broad cross section of financial

support. They look to be treated as clients and partners, not beneficiaries of grants,” Aftab Ahmed, Citibank Egypt chairman, said at a conference last week discussing proposed microfinance legislation. Citibank and Arab microfinance network Sanabel hosted a group of international microfinance associations last week in conjunction with the expected passage of new microfinance law, currently waiting for parliamentary review. Ghada Waly, consultant to the Egyptian Financial Services Authority (EFSA), and Ranya Abdel-Baki, executive director of Sanabel, along with Ahmed addressed microfinance specialists from Eastern Europe, Southeast Asia, Africa and Latin America regarding the new legislation. Ghada Waly, advisor to the EFSA chairman for microfinance, explained that the new legislation came in response to vocalized need from Egyptian organizations currently legally unable to provide microcredit loans. “The first priority is a regulatory framework for companies,” she stated; the legislation will therefore allow companies to provide microfinance credit under the regulation of the EFSA. For example, the Microfinance Enterprise Services Company, or Reefy, has been acting as a microfinance agent for banks since 2007, and would be among the first companies to benefit from the new law. She listed the law’s objectives: to allow expansion of the microfinance market; to enable the development of new finance products (such as micro insurance); to serve more individuals in need of microcredit loans; to attract funds, especially from international MFIs; to professionalize the industry through training and standardized practices; to protect consumers through transparent cost structures; to require consumers to register with a credit information service to prevent overlapping loan grants. Regarding the final objective, Waly explained that currently iScore, the country’s first and only credit bureau, provides the only source of credit information and that its services, compared to the size of the loans granted, are pricey. However, she expressed optimism that the new law would spur the development of competing credit bureaus and drive down fees. At present only banks and NGOs enjoy a legal structure that allows them to access the increasingly profitable sector of microfinance, and 200 of them operate as MFIs. The Central Bank of Egypt oversees the microfinance activities of the four licensed banks, while NGOs, regulated by the Ministry of Social Solidarity, make up the bulk of microfinance providers. The top five MFIs by gross loan portfolio (GLP) dole out 40 percent of Egypt’s total microfinance GLP. Thus, by allowing non-banking financial institutions into the arena, the government hopes to better serve Egyptians in need of microfinance loans, estimated to be anywhere from 2.8 to 6.9 million individuals, according to Sanabel. Waly pointed out that engaging in microfinance often allows unbanked individuals, currently around 90 percent of Egyptians, to first interact with a formal financial institution and possibly graduate to traditional loans and savings. She acknowledged that the current law does not contain any provisions for deposits, a service that many of Egypt’s poor currently receive from the post office. Waly emphasized that the legislation seeks to protect the microfinance consumer, a question raised by Karim Fanous, executive director of the Lead Foundation, Egypt’s second largest MFI by GLP. Abdel-Baki from Sanabel pointed out that deposit mobilization in Egypt is perceived in the context of Ponzi schemes in the 1970s that operated in partnership with trusted Islamic figures and did not repay billions of pounds. “Everyone in Egypt knows someone who lost money [to

those schemes],” she said, “so that’s what everyone thinks of.” Greater regulation therefore, will hopefully assuage concerns, despite the worry, raised by audience members, that new rules would only choke the growing microfinance industry. Abdel-Baki believes that a cost effective Islamic microfinance product would be met with great demand. “[Without Islamic microfinance] we’re depriving a huge segment of the population who won’t seek microfinance unless there’s an Islamic option,” she stated. Developing such instruments may receive support from organizations such as the Citigroup Foundation, currently sponsoring Sanabel as one of 12 microfinance networks receiving support around the world. Swati Patel, head of citizenship for EMEA (Europe, Middle East and Asia) and corporate affairs for the Citigroup Foundation, affirmed Citi’s commitment to microfinance. “Microfinance is a key pillar for the Citi Foundation. It has been involved since 1990, funding organizations as a philanthropic approach.” She explained that Citi Foundation facilitates dialogue with regulatory organizations in order to best serve individuals seeking microfinance. Sanabel recorded the average microfinance loan granted by Egypt’s primary MFIs as \$192. Microcredit is often intended to benefit female entrepreneurs in particular, and obviously, the poor. Those living below the international poverty line of \$2 per day in Egypt currently represent 18.4 percent of the population, or 13.9 million individuals.

#### **EGYPT AIMS TO START CEMENT BID PROCESS BY MID-2010**

Reuters February 9, 2010: Egypt is targeting to start an international bidding process to grant cement licenses by the middle of this year, the head of the country's Industrial Development Authority (IDA) said on Monday. "We're presenting the case to the High (Supreme) Council of Energy to get their blessing," said Amr Assal, chairman of IDA in an interview. "Afterwards, we will announce the international bidding process," he told Reuters in an interview. Asked whether the bidding would start by the middle of the year, Assal said: "This is our target, June-July." The country will be offering eight licenses with 1.5 million tons of capacity, he said, adding that so far 12 companies had formally expressed their interest in the licenses. Of these, seven were Egyptian and among the rest there were Chinese, Turkish and Italian companies. Egypt granted six greenfield cement factory licenses in late 2007 in a bid to boost production after rising local prices drove the government to impose an export duty in February. Assal said the country's current cement capacity was around 50 million tons, which he expected to rise around 60 million tons by 2011 to meet the buoyant local demand. "In the year 2009, our cement consumption increased by 26 percent," Assal said, amid a fall in many other countries as the global economic downturn hit demand in the global construction sector. But he expected the demand growth to go back to 'normal levels' this year, which he sees at 7 to 10 percent. But to meet this demand, the country's capacity will rise to around 80 million tons in the next five years, he added. The land for the cement factories will be located in remote areas to avoid pollution in residential places. "Our plan is new areas like Marsa Matrouh, Upper Egypt, remote areas. Also these kinds of investment can create economic growth for these areas," he said. Assal said IDA would not offer any steel factory licenses as currently there was enough capacity and the local production was

not even running at full capacity because of the high level of imports. "(They) local producers are very much affected by the imports," Assal said, adding that the country imported 2.5 million tons of steel last year, with almost 80 percent of it coming from Turkey. Egypt is looking into a possible anti-dumping action against Turkish steel imports. Assal did not give any details about when the investigation would be completed.

### **EGYPT FALLS ON GLOBAL WORRY, OT BUCKS**

Reuters: February 7, 2010: Egyptian stocks succumbed to a global sell-off, sending the benchmark index to its sharpest fall in two weeks, despite a late-session rally by heavyweight Orascom Telecom (OT). Worries over the finances of Spain, Portugal and Greece rattled global equities on Friday, when the Egyptian exchange was closed. The EGX 30 ended down 2.2 percent at 6,827 points. "The market pulled back as soon as it opened, thanks to what happened in the US and Europe," said Hashem Ghoneim of Pyramids Capital. Orascom Telecom ended up 0.6 percent. Traders said Egyptian equities are likely to track global markets this week, but could start to move independently during financial reporting season later this month. "We are really isolated from most of the problems that are going on in the United States and Europe," Ghoneim said. But "in the short run, of course, what happens abroad is going to happen here." Developer Talaat Moustafa Group dropped 4 percent, the sharpest fall among Egypt's big caps. The stock gained against a widely negative market on Thursday on speculation a court would accept its former chairman's request to appeal after he was sentenced to death for murder. After trade closed, the court said it postponed the decision until March. "Everybody was anticipating, on Thursday, the approval of the court," said Mohamed Helmy of HC Brokerage. Orascom Construction, the biggest Egyptian firm by market capitalization, weighed on the index with a 1.6 percent fall. Egypt's index of secondary stocks gained 0.4 percent, with Cairo Oil and Soap jumping 7.9 percent and North Cairo Flour Mills, adding 5.7 percent. –Reuters

### **GOVERNORATES SAY GAS CYLINDERS' CRISIS IMPROVING**

Daily News Egypt: February 12, 2010: Several governorates reported a slight improvement in the butane gas cylinders' crisis after the supply of cylinders in distribution outlets was increased following violent clashes Wednesday that left one person dead, three injured and several arrested. A plumber in Imbaba died in a fight with a truck driver's assistant after he'd jumped on the truck to take one of the cylinders. Clashes also broke out in Giza, Sixth of October and Helwan governorates over gas cylinders. The Ministry of Supply had announced it will increase the amount of available cylinders, recruit people to help distribute the cylinders under the supervision of the authorities, giving priority to homes over factories. In Cairo, according to governorate officials, the number of cylinders available increased by 26 percent. "The crisis in Cairo has been less intense than other governorates but the problem is that other neighboring governorates get hold of cylinders from our share," Khaled Mostafa, Cairo governorate spokesperson, told Daily News Egypt. "Reports indicate an improved situation after supply

authorities interfered through the strict monitoring of outlets and banning the transportation of cylinders outside the capital," he added. Citizens gathered in front of distribution outlets earlier this week and the overcrowding caused some elderly people to faint. Security forces interfered to break up the clashes, making several arrests. According to press reports, trucks carrying cylinders arrived at distribution outlets; however eye witnesses claim they only delivered half of the shipment to outlets while the other half went to the black market as well as restaurants. Cylinders' prices in the black market reached LE 70. Mostafa attributed the shortage to the approach of the Moulid Al-Nabawy, saying factories making sweets for the occasion used up a large number of cylinders. In Menufiya, supply authorities raised the number of delivered cylinders daily to 60,000 after delivering 15,000 extra cylinders. The governorate also announced it would assign a truck carrying 1,600 cylinders for emergency situations in addition to 232 cars as well as a hotline for complains. In Aswan, Fayoum and Damietta governorates, distribution schedules were modified to midnight and extra amounts of cylinders were delivered to distribution outlets. In Minya, strict measures were taken against people dealing in the black market after more than 2,115 complaints were made for illegal dealers, 2,137 cylinders were confiscated and two warehouses were closed. Prosecutor General Abdel Meguid Mahmoud announced that anyone caught storing gas cylinders or illegally trading them would be brought to court. The General Petroleum Authority announced that it would pump an additional 100,000 cylinders, raising the available quantity to 1.2 million cylinders a day.

### **Minister: Egypt to phase out foreign aid in 10 years**

In a press conference Wednesday, International Cooperation Minister Fayza Abul Naga announced that Egypt intended to phase out foreign financial assistance within the next decade and replace it with foreign loans when necessary. "We can do this if we achieve our targeted growth rates for this period, " she said. Egypt, the minister noted, had requested that the US allocate the lion's share of future assistance to Egypt to scientific- and technological-exchange programs. She went on to point out that the previous administration in Washington had reduced US aid to Egypt from US\$415 million to US\$200 million, which the current administration re-raised to US\$250 million. Asked at the press conference about the Israeli presence in countries of the Nile Basin, Abul Naga said: "We shouldn't be worried with this so long as we continue to support our strategic dimension in Africa." She went on to note that Egypt had recently "moved to bolster its economic relations with Ethiopia in order to achieve this strategic dimension." On the issue of the vast quantities of unexploded land mines that remain buried in the sands of Egypt's North Coast, the minister explained that private-sector investment in the area had been suspended until the problem was resolved. "Even if private investors say they will undertake this responsibility, the armed forces are the only ones who can do the job efficiently," she said, asserting that Egypt would continue to pressure the governments of the UK, Germany and Italy to help remove the mines originally planted during the Second World War.

### **US expert: Cairo-Washington economic relations suffer due to politics, human rights**

10 February 2010 in Econ, Egypt, News: An American expert in economics warned that American and Egyptian economic relations pay a hefty price because of the tensions that mar the relationship between Cairo and Washington. Barbara Kotschwar said that the differences on political and human rights issues in Egypt adversely affect the economic ties between the two nations. Kotschwar, an expert at the Peterson Institute for International Economic Studies – a research center in Washington DC – said that there were a number of issues that contributed to the lack of development in the discussions toward inking a free trade agreement between the two countries, “including political and human rights issues in Egypt, in addition to US domestic policies.” Her comments came at a seminar hosted by the Peterson Institute to discuss her book “Reengaging Egypt: Options for US-Egypt Economic Relations” released in January. Kotschwar said that Egypt is one of the most important political and strategic partners of the United States in the Middle East, but in spite of that, the relations in trade and foreign direct investment between the two countries remains “relatively weak.” Kotschwar explained in the seminar, which was reported by America in Arabic News agency, that Egypt is a source for only two percent of US imports from the Middle East and North Africa. She said that trade between the two countries by the end of 2008 had a total of \$8.4 billion, and US direct investment in Egypt, which represents 20 percent of American investments in the Middle East and North Africa, reached \$8.8 billion. She continued: “These small sums of money in the light of US economic relations with the Middle East and North Africa, but it can certainly increase.” She said that Egypt and the United States had large economic ties but most of them through American political support for Egypt. She said that there were several initiatives to open trade and investment relations and talks for a free trade agreement, “but they fell from the radar screen in 2005.” While she expected that things do not look good enough for signing a new free trade agreement, however, she continued that “it is noteworthy that some steps have been taken by the end of 2004, as the US Trade Representative together with Egypt and Israel endorsed the QIZ agreement, the Program of the Qualified Industrial Zones.” Kotschwar said that opening the US market further to the Egyptian commodities actually helped Egyptian companies to continue to compete. “So, for example, you can see that there are a lot of children’s clothing manufactured in Egypt, in a prominent American stores,” she said.

## **ARABS URGED TO SPEED UP ECONOMIC INTEGRATION**

AFP: February 12, 2010: Arab finance and economy ministers opened a meeting in Kuwait on Thursday with calls for speeding up economic integration and establishing a customs union by a 2015 target date. “We must have a working program with a timetable to implement Arab joint ventures and other economic integration projects,” Arab League Secretary General Amr Moussa told the opening ceremony of the one-day meeting. Moussa said that inter-Arab trade “represents the weakest field in Arab economic integration efforts,” but added that there had been successes in the areas of investment and capital transfer. Kuwaiti Finance Minister Mustafa Al-Shamali told the meeting that “so far, achievements have been well below ambitions and expectations.”

Iraqi Trade Minister Safaa Al-Deen Al-Safi said “Arab economic integration has become an urgent necessity dictated by the fallout of the global economic crisis,” and called for revision of the integration mechanisms. Arab leaders held their first ever economic summit in Kuwait in January last year and adopted a number of resolutions calling for the speeding up of joint projects with the goal of forming a common market in 2020. The Arab ministers meeting in Kuwait are to discuss ways to implement those resolutions ahead of a second economic summit in Egypt early next year, Moussa said. The Arab leaders also launched a two-billion-dollar Arab economic development fund to provide assistance to small and medium-size projects in poor Arab countries. Moussa said that pledges to the fund have exceeded the one-billion-dollar mark, which enables the fund to start operations, and urged Arab countries to make contributions. Arab countries launched the Pan-Arab Free Trade Area about four years ago but it did little to boost commerce among members states, which remained at between 10 percent and 12 percent of total Arab trade. The customs union is planned to be completed in 2015 and Moussa urged Arab countries to make a timetable for implementation. The ministers will also study measures to implement Arab programs for reducing unemployment and poverty, which runs as high as 40 percent in at least seven Arab nations. –AFP

#### **Social front:**

#### **EGYPT ENVOY BACK IN ALGIERS AFTER FOOTBALL ROW**

AFP: February 7, 2010: Egypt's ambassador to Algeria, recalled in November after a bitter football row, has returned to Algiers, the foreign ministry told AFP. Abdel Aziz Seifelnasr returned to Algiers on Saturday, spokesman Hossam Zaki said. Cairo withdrew the envoy after attacks on Egyptian football fans in Sudan and on Egyptian businesses in Algiers, following a November World Cup qualifier played in Sudan. Egypt was defeated 1-0 by Algeria, losing the chance to advance to the World Cup finals in South Africa this year. Egypt was outraged after football fans in Algeria ransacked and burned the offices of Egyptian companies in Algiers, including telecommunications giant Orascom. Officials said at the time that Egyptian businesses had suffered millions of dollars in damages. At an earlier match in Cairo, a bus carrying the Algerian football team was pelted with stones, leaving three players wounded, the team had said. –AFP

#### **Egypt Posts Fastest Growth in More Than a Year on Tourism**

Feb. 10 (Bloomberg) -- Egypt's economy recorded its fastest growth in more than a year in the fourth quarter, boosted by tourism, construction and manufacturing, Economic Development Minister Osman Mohamed Osman said. The economy of the most populous Arab country expanded 5.1 percent, Osman said in an interview today in Cairo, faster than his earlier forecast. Economic growth was 4.9 percent in the previous three months. “We have turned a corner,” he said. “It’s like when you ride a car and turn from the second gear to the third and the fourth.” The

central bank reduced its benchmark interest rates six times in 2009 to support economic growth. The economy may expand more than 5 percent in the fiscal year through June, Osman said. Initial data indicated the economy grew 4.5 percent in the fourth quarter, Osman said in January. The bank kept overnight interest rates on hold in its last three meetings, saying their current levels support the economy's recovery and keep inflation within its "comfort zone" in the medium term. Annual growth slowed from the average of 7 percent in the three fiscal years that ended in June 2008. Tourism expanded more than 13 percent and manufacturing grew 5.2 percent, Osman said. Construction expanded 11.5 percent, telecommunication 12.8 percent, energy and mining 5.6 percent and wholesale and retail 5 percent, the government said in a statement released to reporters. **Tourism Growth** "For tourism this is the first quarter to grow in almost a year," said Mohamed Abu Basha, an economist at EFG-Hermes Holding SAE, Egypt's biggest publicly traded investment bank. "It seems that it has recovered." Egypt, home to the pyramids of Giza, recorded a 2 percent decline in tourism revenue in 2009 to \$10.76 billion and aims to increase its receipts to \$11.5 billion this year, Tourism Minister Zoheir Garranah said this week. Shares of Talaat Moustafa Group Holding, Egypt's biggest publicly traded real estate developer, surged 125 percent in 2009. The company, which also owns several hotels, four of them operated by the Four Seasons Hotels Inc., has gained 7 percent this year. "Construction has always been strong and it's maintaining the strong levels," Abu Basha said. Orascom Construction Industries, the country's largest publicly traded builder, rose 78 percent in 2009. The government plans to increase spending by 11.2 billion Egyptian pounds (\$2 billion) to support the economy, with most of the money going into infrastructure projects.

## **Lebanon**

### **Political front:**

#### **March 14 says rally will be chance to renew commitment to its principles**

Daily Star staff- Saturday, February 06, 2010: March 14 figures are urging a massive turnout in the February 14 rally to commemorate the fifth anniversary of former Premier Rafik Hariri's assassination, stressing that the event will be an occasion to reiterate the alliance's goals and principles. But the chance of seeing figures from the former opposition take part in the rally is fading as the occasion is expected to take on a political tone. Chouf MP Marwan Hamade called Friday for massive participation in the rally while stressing that the event aimed to highlight the June 2009 parliamentary elections results and preserve Lebanon's independence. Hamadeh added that the rally would represent a rejection of all forms of affiliation with foreign powers, as well as tampering with the country's security and stability. "If we want war and peace to be decided by the state and the possession of arms to be restricted to the Lebanese Army, thus let us meet on February 14," Hamade said, signaling that the issue of Hizbullah's arms continues to

divide the members of the national unity government. When asked whether supporters of the Progressive Socialist Party (PSP) would participate in the event, Hamadeh said the Druze community was loyal to Rafik Hariri's memory and part of the "Cedar Revolution." In the wake of the June 2009 elections, PSP leader Walid Jumblatt withdrew from the March 14 alliance, saying it was driven by necessity and was no longer viable and moved to a centrist position closer to opposition parties and allies of Syria. Jumblatt had accused Syria of plotting Hariri's murder and repeatedly attacked the Syrian regime and President Bashar Assad in the media *Hamade also denied rejecting the participation of parliamentary minority in the event.* "Everybody is welcome, but the occasion's purpose is known," he added. Lebanese Forces chief Samir Geagea called for wide participation in the occasion in order to guarantee the event's success. Geagea said that despite several setbacks suffered by March 14, the alliance still retained strong popular support and would continue to pursue its goals and objectives. "The February 14 occasion is a humanitarian occasion to commemorate Rafik Hariri's assassination but also a political, moral and national one to commemorate the assassination of all martyrs who died in defense of Lebanon's independence," Geagea said. Similarly, the "Solidarity" bloc of Tripoli MPs Najib Mikati and Ahmad Karami called Friday for participation in Hariri's commemoration, while voicing hope for cooperation among all political parties to strengthen national coexistence. Tripoli MP and Future Movement member Badr Wannous said Friday the Alawi community in Lebanon and particularly in Tripoli would participate in the February 14 occasion in numbers similar to past years. Meanwhile, Speaker Nabih Berri's political adviser, Marjayoun-Hasbaya MP Ali Hassan Khalil said an appearance on February 14 wasn't possible, given current political conditions. "The memory of Premier Rafik Hariri's assassination is dear to our heart and we will commemorate it in Tyre as usual," he said.

### **Cabinet 'likely to reject' proportional representation**

Daily Star staff-Monday, February 08, 2010: Labor Minister Boutros Harb said in an interview with the Voice of Lebanon radio station on Sunday that the Cabinet will most likely reject a proposal for proportional representation in municipal elections because, according to the minister, it would prevent democratic and transparent elections. Harb's comments come after Interior Minister Ziyad Baroud suggested applying a system of proportional representation to only 16 municipalities, each of which would include 21 members or more. Harb said proportional representation in big municipalities might not be fair for Christian representation and could lead to conflict. The minister also touched upon the proposal to lower the voting age from 21 to 18, saying most of the Cabinet does not want to adopt the law ahead of the upcoming municipal elections. – The Daily Star

### **USAID donates funds for municipal elections**

Daily Star staff- Monday, February 08, 2010: Interior Minister Ziad Baroud and USAID Mission Director Denise Herbol signed on Friday a memorandum of understanding on technical support

for Lebanon's municipal elections, funded by the US government and implemented by the International Foundation for Electoral Systems (IFES). US Ambassador Michele Sison attended the signing. IFES will work with the Interior Ministry and Municipalities "to provide technical support to train elections workers and assist the ministry in developing a public media outreach program on the election process," a statement issued by the US Embassy said. "IFES will also provide technical support for the Ministry's Observer Coordination Unit, which supports domestic monitoring of the elections by Lebanese civil society organizations," the statement added. – The Daily Star

### **Lebanese Navy recovers crashed Ethiopian plane's black box**

Monday, February 08, 2010- The Lebanese Army said on Sunday it has retrieved a black box from an Ethiopian Airlines jet that crashed in the sea killing 90 people, raising hopes of an answer to why the plane came down in a fierce storm. The military also announced that eight more bodies from the tragedy have been recovered, taking to 23 the total number found since last month's crash. The Lebanese Navy has recovered a black box from the Ethiopian plane and it has been transported to Beirut naval base to be handed over" to crash investigators, the military said. Transport Minister Ghazi Aridi told AFP the flight data recorder had been retrieved and that efforts continued to recover the cockpit voice recorder. Searchers located the two recorders on Saturday and Lebanese military divers were tasked to retrieve them. The black boxes are expected to contain data which may explain why the crash happened. The boxes were found under a rear section of the fuselage, Aridi said, adding that the cockpit was also located on Sunday. The Boeing 737-800 plunged into the Mediterranean before dawn on January 25, just minutes after take-off from Beirut airport during a storm. It was bound for Addis Ababa with 83 passengers and seven crew on board. The eight-year-old plane last had a maintenance check on December 25 and no technical problems were found. No survivors were found from Flight 409, and searchers have been struggling to recover bodies from the crash as most victims were believed to be still strapped to their seats. Officials have described the salvage operation as "difficult and complicated." "Eight bodies were recovered on Sunday," an army spokesman told AFP on condition of anonymity, bringing to 23 the number retrieved. The bodies include those of two toddlers. The bodies would be taken to Beirut's main government hospital for DNA identification. Health Minister Mohammad Jawad Khalifeh said earlier on Sunday that an unspecified number of bodies had been found at the site where the black boxes were located. Officials have said the captain was instructed by the control tower to turn to a certain heading, but that the aircraft then took a different course. The investigation is being undertaken by a Lebanese technical team backed by the Bureau d'Enquetes et d'Analyses (BEA), France's accident investigation agency, and a final report will go to Lebanon, Ethiopia and Boeing. "If recovering the second box takes a long time, we will send the first one ahead to France for the data to be interpreted," Aridi said, adding that the focus would return to searching for bodies after most of the plane had been found. Part of the debris has also been found off the Syrian

coast. Experts have told AFP that the stormy weather may not have been the only reason for the crash, and that the aircraft may have had engine or hydraulics problems. Aridi said search vessel the Ocean Alert located a cabin rear section 10 to 12 meters long, at a depth of 45 meters off Naameh, just south of Beirut. Flight recorders are usually placed in the rear of commercial airliners, since it is less likely to break apart. Fifty-four Lebanese were on board the aircraft, as was the wife of France's ambassador to Beirut. The Lebanese military said pictures are being taken of the located sections of fuselage with a view to raising it. – AFP, Reuters

### **Cabinet remains divided over key electoral reforms ahead of polls**

Daily Star correspondent -Friday, February 12, 2010: The Cabinet approved Thursday the adoption of pre-printed ballots in the upcoming municipal elections scheduled for June but ministers failed to reach an agreement over other disputed reforms. Information Minister Tarek Mitri told reporters following the Cabinet meeting at the Baabda Presidential Palace that the council of ministers discussed the adoption of proportional representation and the direct election of mayors and their deputies by the voters but failed to reach an agreement. Mitri added that discussions are to be resumed next Wednesday concerning other potential reforms to the electoral law. President Michel Sleiman stressed during the session the need to hold the municipal elections on time, regardless of whether reforms to the electoral law are adopted by the Cabinet. "Yesterday [Wednesday] Interior Minister Ziyad Baroud announced that the voters lists were completed; thus his announcement means we entered an effective phase in preparing for the elections within the legal deadline," he said. "We will continue discussing the proposed reforms but we are committed to hold the elections on time," Sleiman added. Well-informed sources told The Daily Star that electoral reforms could be approved by the government but implemented in the upcoming parliamentary elections in 2013, rather the June 2010 municipal polls. Contrary to Sleiman's stance, Free Patriotic Movement leader MP Michel Aoun said Thursday the Reform and Change bloc would reject holding the municipal elections if reforms to the electoral law are not adopted. The FPM has demanded the adoption of proportional representation in all districts, as well as the division of Beirut into three different districts, a proposal that Premier Saad Hariri strongly opposes. Ministerial sources said Energy Minister and FPM official Gebran Bassil reiterated both demands during Thursday's Cabinet session. Addressing Beirut residents, Hariri said Wednesday that the capital should remain a symbol of unity between Christians and Muslims and thus should not be divided. Tackling the issue of lowering the voting age to 18, Aoun said it should be put on hold until political education took place in universities. Meanwhile, March 14 Christian parties tied lowering the voting age to establishing a procedure allowing Lebanese expatriates to vote abroad as well as passing a law granting people from Lebanese origins the right to reclaim their nationality. The Cabinet had transferred a proposed law to amend the voting age to Parliament last month and Parliament Speaker Nabih Berri announced on Wednesday that lowering the voting age would be on Parliament's agenda in its session on February 22. However, the Constitution prevents the

addition of individuals aged between 18 and 21 to the electoral lists after February 10, unless an amendment to the law is passed. If passed, the law would require the Interior Ministry to add 283,000 new voters to the electoral lists, a process that could prove difficult if the elections are to be held within legal deadline next June. However, the draft law to lower the voting age is not expected to be passed by Parliament as analysts believe the session would lack the legal quorum to vote on the issue. Also on Thursday, the president said during the government session that political stability and security in Lebanon does not suit Israel as he stressed that the proper response to Israeli threats would be to boost national unity and continue to implement UN Security Council Resolution 1701. Sleiman also informed Cabinet members of the outcome of his talks with Spanish King Juan Carlos I, adding that the latter had expressed Spain's full support to the Lebanon's commitment to Resolution 1701 and its implementation. Israeli officials have warned on several occasions recently that Israel would hold the Lebanese government accountable in any future war given Hizbullah's participation in the Cabinet. Tackling the commemoration of former Premier Rafik Hariri's assassination on February 14, the president also highlighted the importance of the occasion, saying it holds a national unity aspect. Sleiman also called security forces to take the necessary steps to guarantee the safety of participants.

### **Geo strategic front:**

#### **Sleiman unlikely to attend Libya Arab League summit**

Daily Star staff-Monday, February 08, 2010: President Michel Sleiman is not expected to participate in the Arab league Summit to be held in March in Libya, well-informed sources told The Daily Star on Sunday. However, the sources added that Lebanon would be represented in the summit as ongoing domestic discussions with regard to the participating delegation are taking place between political parties. Libyan leader Moammar Gadhafi has been implicated in the 1978 disappearance of Imam Moussa Sadr, the Iranian-born Shiite cleric who founded the Movement of the Deprived (Amal) in Lebanon, and disappeared along with two companions after departing for Tripoli to meet with government officials. But Libya has consistently denied responsibility, claiming that Sadr and his companions left Libya for Italy. But the Lebanese judiciary has indicted Gadhafi and six other Libyans for the abduction of Sadr. Last week, Speaker Nabih Berri said only the president was entitled to decide on Lebanon's participation in Libya's Arab League summit, but stressed that he "personally" favored that Lebanon boycott the summit. Similarly, the Higher Shiite Council "warned" the Lebanese state Friday against participating in the summit. Ad-Diyar daily reported in remarks published Sunday that Sleiman would not participate in the league as a "consensual president who is keen on preserving what unites the Lebanese rather than dividing them." The paper added that all parties were keen not to raise any domestic disputes over the issue to avoid destabilizing the current atmosphere of consensus. "The Cabinet would have two choices, either to form a ministerial delegation which would not be headed by Foreign Minister Ali Shami or any other Shiite minister, or delegate the

charge d'affaires of Lebanon's Embassy in Libya to represent the country," Ad-diyar said. In other news, the pan-Arab daily Al-Hayat reported Saturday that Sleiman was looking to revive the national dialogue in the upcoming few weeks with the issue of Hizbullah's weapons as the sole topic on its agenda. Ministerial sources told Al-Hayat that such step would demonstrate to the international community that Lebanon has been pursuing its efforts to implement UN Security Council Resolution 1701.

### **Economic front:**

#### **US guide highlights Lebanon's favorable investment climate, warns of red tape**

Country 64th largest market for american-made products

Daily Star staff- Monday, February 08, 2010: The US Commerce Department's 2009 Country Commercial Guide for Lebanon (CCG) highlighted the country's favorable investment climate and its liberal economic system, but said red tape and an unpredictable operating environment are some of the issues hurting Lebanon's image as a country open for investment, as reported by Lebanon This Week, the economic publication of the Byblos Bank Group. It said the country has very few restrictions on the movement of capital across its borders, foreign investors are allowed to manage and hold business and private assets without any restrictions, and the government does not require investors to engage in any particular sector or project. It said corruption is more extensive in state contracts, taxation and real-estate registration than in private-sector deals and that Lebanon is not a signatory of the OECD convention on combating bribery. The US Commerce Department said Lebanon is the 64th largest market for US exports, up from 68th largest in 2008, adding that the US exported \$1.1 billion worth of goods to Lebanon in the first nine months of 2009. The top five US exports to Lebanon in 2009 were vehicles with \$521 million, mineral fuel and oil with \$99 million, machinery with \$79 million, and electrical appliances and cereals with \$26 million each. It noted that major competitors of US companies in Lebanon include French, Italian, German, British, Korean, and Chinese firms. The guide said leading Lebanese sectors for US exports and investment include the automobile sector, air conditioning and refrigeration equipment, pharmaceuticals, medical equipment, apparel, education services, and agriculture. The CCG expected the US share of the local auto market to reach 16 percent in 2009, adding that demand for US automotive products such as brakes, clutches, engine lubricants and safety accessories are increasing because of their quality advantage over foreign competitors. Also, US air conditioning and refrigeration exports to Lebanon reached \$210 million in first 10 months of last year, with a projected market share of 16 percent in 2009. Further, US pharmaceuticals accounted for about 7 percent of total pharmaceutical imports in the first 10 months of 2009. Also, US exports of medical equipment reached \$43 million in the first 10 months of last year, and US market share was expected to reach 24 percent in 2009. It noted that Lebanon is an ideal location for establishing a regional office to cover the Levant, including Iraq. Also, US apparel exports to Lebanon reached around

\$9 million, about 3 percent of total apparel imports to Lebanon, while US agricultural exports totaled \$121 million, equivalent to 6 percent of agricultural imports to Lebanon. Major US agricultural exports to Lebanon include dairy products, cereals, beverages and spirits and tobacco. Finally, the guide noted that Lebanon has among of the best educational systems in the Middle East with 160,300 students enrolled in universities throughout Lebanon and over 1,800 Lebanese students studying in the US. In parallel, the US Commerce Department considered the Information & Communication Technology (ICT), pharmaceuticals and insurance sectors as offering the best prospects. It said Lebanon has the fundamental building blocks needed to become a regional center for technology that include a highly educated and multilingual workforce, a strong private sector, world-class advertising firms, and multi-lingual media-content providers and web portals. Additionally, Lebanon is the leading importer of pharmaceuticals in the Levant, as 95 percent of the \$630 million market consists of imported medicine. – The Daily Star

### **Lebanon's 8.7 percent 2009 GDP growth highest in region**

Country's economy grows faster than China and India

Daily Star staff Saturday, February 06, 2010- The Institute of International Finance (IIF) revised upward its estimate for economic growth in Lebanon to 8.7 percent in 2009 from 6 percent previously. It said the new estimate is the highest growth rate in the region, and is an improvement over an already impressive real GDP growth rate of 8.2 percent in 2008, as reported by Lebanon This Week, the economic publication of the Byblos Bank Group. It added that while most emerging economies suffered sharp slowdowns in 2008 and 2009, Lebanon has enjoyed a surprisingly countercyclical growth pattern, as its economy grew faster than China and India last year. It noted that the strong performance of the Lebanese economy in 2009 was largely due to the robust capital flows from Lebanese expatriates and GCC nationals driven by regional and global market turbulence, an improved security situation, and a sound banking system. In parallel, it said that contrary to official figures, the economy contracted by 1 percent in 2006 due to the impact of the summer war; while it grew by 5.9 percent in 2007, much lower than the official estimate of 7.5 percent. It noted that 2007 was characterized by political turbulence, plagued by assassinations and the withdrawal of an important block of ministers from the government, which kept the Cabinet paralyzed. The IIF stated that quality of national accounts in Lebanon in terms of both reliability and timeliness remains weak. It said its measure of economic activity for Lebanon follows the central bank's approach with the Coincident Indicator, but it includes five additional indicators that are real growth in credit to the private sector instead of growth in deposits; growth in tourist arrivals instead of passengers arrivals; real growth in government revenues excluding grants; real growth in government spending; and real growth in imports of machinery and equipment. Also, it excluded electricity production from its methodology because it does not accurately reflect consumption in Lebanon, since a significant portion of electricity is drawn from private generators. Further, it calculated the growth in

exports and imports of goods and services at constant prices, using appropriate export and import deflators. The IIF indicated that the strong growth in Lebanon in 2009 was driven both by domestic demand and net exports. It said real growth rates in government revenues of 19.2 percent, credit to the private sector (13.5 percent), exports of goods and services (23.4 percent), and imports of goods and services (15.7 percent) grew at a fast rate in 2009. Also, the investment proxy indicators such as cement deliveries (19.2 percent), imports of petroleum derivatives (16 percent), and imports of machinery and equipment (17 percent), rose at faster rates than in the previous two years. And while exports of goods in nominal dollar terms decreased by 3 percent in 2009, they increased by about 4 percent in volume terms. Further, hotel occupancy rates or tourist arrivals, proxies for exports of services, increased by about 40 percent in an environment of global recession where most countries experienced declines in tourist arrival and/or hotel occupancy rates of 5 percent-10 percent. It added that both the external current account and fiscal deficits narrowed significantly as a share of GDP. The IIF considered that economic growth is expected to remain strong in the 6 percent to 7 percent range in 2010, while inflation is likely to remain subdued and the risks to the stability of the exchange rate or the banking system are minimal. It expected earnings from tourism, remittances and FDI to rise at least as fast as last year in the case of long-term political stability, and if there is a recovery in the global economy and the GCC in particular. It added that growth would continue to be driven by services, particularly tourism and financial services, construction, and capital flows from the Gulf region. It noted that Lebanon's real estate boom is largely self-financed by wealthy Lebanese expatriates and GCC nationals, with only minimal bank financing. The IIF said that continued strong growth offers an opportunity for further fiscal adjustment and reduction in debt. It said buoyant fiscal revenues combined with spending restraints, particularly reduced transfers to Electricité du Liban should further reduce the still large fiscal deficit. Furthermore, the primary budget surplus is expected to increase further from an estimated 2.7 percent of GDP in 2009 to 3.5 percent in 2010 assuming privatization does not take place this year. It said this should ensure a further decline in the debt-to-GDP ratio from 153 percent in 2009 to 147 percent at end-2010. However, it stated that privatization of the two mobile phone companies could ultimately provide a vehicle to reduce the debt and help spur the development of the technology sectors, which remain relatively underdeveloped. It said that, with privatization, the debt-to-GDP ratio could decline even further to 133 percent of GDP at end-2010, assuming the privatization value of the two telecom companies is around \$5 billion, although the consequent loss of revenue would reduce the primary surplus in that case – The Daily Star

### **Social front:**

#### **NGO collects bottle caps to raise funds for wheelchairs**

Special to The Daily Star- Saturday, February 06, 2010: It's a simple equation: plastic bottle caps equal wheelchairs. "It's before anything a sustainable development project," stressed Joy Tohmé, from Arc En Ciel, which is coordinating an effort to recycle plastic and support the disabled. On

Thursday, Arc En Ciel organized its first “rolling caps” event, in the presence of Darwish Hobeika, head of the Civil Defense, at the organization’s headquarters in Tahwita. “In April 2009, we launched a cap collecting program, to raise public awareness about sorting and recycling plastic,” Tohmé explained. Nine tons of plastic caps have been collected at Arc En Ciel centers, brought in by schools, companies, associations and individuals. Stocked by the association, those little pieces of plastic are then sold to recycling companies. “Every ton of caps gives us around \$200, which permits us to build a wheelchair,” she explained at the event, which saw the Civil Defense receive the first two wheelchairs. While Tohmé said the campaign was a part of a drive for sustainable development, but in practical terms, it also means that Arc En Ciel is also practicing environmental conservation. To get its message out, the association avoids generating brochures or other items that could end up as waste. Instead, it’s using a Facebook page, “bouchons roulants,” and the help of the media. Tohmé said that the campaign has other benefits, such as raising awareness about the disabled, and promoting local recycling plants, which leads to a decrease in Lebanese imports. Arc En Ciel hopes its campaign will be boosted by the 146,000 tons of plastic waste produced in Lebanon every year – plastic that requires dozens or hundreds of years to decompose, depending on the item. The Arc En Ciel center in Jisr al-Basha is open to receive caps every Thursday and Friday.

### **Lebanon ill prepared to deal with disasters**

Special to The Daily Star-Friday, February 12, 2010

#### Report

In view of the recent disastrous events which have taken place on Lebanese soil (floods), deep beneath its ground (earthquakes) and in its air space (the Ethiopian air tragedy), a pertinent and necessary question must be asked: Is Lebanon ready for the next major disaster? Lebanon, like many other third world and Arab countries, is certainly not prepared to prevent major disasters nor is it ready to deal with their aftermaths. It is against this background that the author of this article was commissioned to carry out two studies for the United Nations Development Program to assess the needs and the capacities of the Lebanese government in the field of disaster risk reduction. With increased talk in the media about the need for a disaster risk reduction unit, it is useful to review in laymen’s terms the hazards that Lebanon is subjected to, the main ingredients of any disaster risk reduction unit, and what the main priorities should be for any disaster risk reduction unit in Lebanon over the next few years.

***The main hazards*** Lebanon could be subjected to a variety of hazards including earthquakes and tsunamis, storms, forest fires, desertification and drought, floods and landslides, chemical accidents leading to fires and explosions, environmental pollution, spread of epidemics and internal displacement, whether due to natural disasters or to man-made wars.

***Main Generic Responsibilities of a Disaster Risk Reduction Unit*** First, in setting policies and developing organizational structures. In any country, irrespective of whether it is a developed or a third world country, the generic elements of a successful and functioning disaster risk reduction unit must include:

1 Setting Policy: Effective health and safety policies set a clear direction for the public and private organizations to follow.

1 Organizing: An effective management structure and arrangements are in place for delivering the policy

1 Planning: a planned and systematic approach to implementing the health and safety policy through an effective health and safety management system.

1 Measuring Performance: Performance is measured against agreed standards in order to reveal when and where improvement is needed.

1 Auditing and Reviewing of Performance: The administration learns from all relevant experience and applies the lessons.

Second, in assessing the level of risk. Usually a preliminary qualitative assessment of risk is carried out, taking into account the frequency of a particular hazard being realized and its consequences should it occur. For example, in a country like the United States or Japan where the frequency of disasters such as earthquakes is relatively high but where the consequences are low (due to awareness and proper enforcement of prevention procedures) the risk is low to medium. However, in other countries where the frequency of occurrence of disasters may be medium to low but where the consequences are high (due to lack of awareness and lack of procedures) then the risk of disasters would be very high.

Third, in setting boundaries for tolerable and intolerable risks. Usually risks are divided into three regions:

1 A region where the risk is intolerable and must be reduced

1 A region where risks are tolerable provided it can be demonstrated that risks have been reduced to as low as reasonably practicable

1 A third region where risks are generally tolerable and there is no need for further reduction

Fourth, in setting priorities for risk reduction measures. Each hazard has causes which may lead to it occurring and also has consequences when it occurs. It is best practice to put barriers to prevent the hazard from occurring if possible, and other barriers to prevent severe consequences once the hazard has occurred. In doing so, more emphasis must be placed on the first type of

barriers which aim to prevent the hazard from taking place. In particular, the hierarchy for risk reduction measures is first to eliminate the risk and then to reduce it as follows:

1 Step 1: Eliminate the risk from occurring (prevention)

1 Step 2: Reduce the frequency of occurrence of the residual risks that could not be eliminated in step 1 above

1 Step 3: Control the magnitude of the residual risk (control risk size and prevent its escalation)

1 Step 4: Mitigate against the consequences of the risk (mitigation measures to reduce damage to lives, environment and property)

1 Step 5: Emergency Evacuation and Response measures (EER)

The advantages of the above hierarchy is that focusing on preventing a hazard from taking place is much more effective and cost efficient than dealing with the consequences of a disaster. However prevention measures require intervention at early stages within the lifecycle of a project and also need interdisciplinary liaison between all disciplines working on a particular project. These are two of the reasons why in third world countries, risk reduction measures are often limited to EER measures or at best to mitigation measures. This is very unfortunate since these third world countries often have very limited resources to allocate for risk reduction and the use of such resources for prevention efforts is much more effective (even from a financial reward point of view) than using the same resources for EER activities.

Fifth, in determining the scope of hazards which must be studied. It is neither necessary nor feasible to eliminate risks to zero. In addition it is not required to manage risks whose possibility of occurrence is very remote. Equally true it is not necessary to waste time in trying to manage risks which cannot be managed (e.g. like the explosion of our sun).

Sixth, in risk trade-offs. Rational risk management requires trade-offs, whether implicitly or explicitly, between risk and other factors. These trade-offs often occur at various levels:

1 Since resources are limited, risk reduction should take into account the cost of reducing risks. In this context the importance of prevention, and the necessity that risk reduction measures are proportional to the level of risk, becomes clearer.

1 Trade-offs are also carried out between one type of risk and another. For example reducing fires through the use of firewalls can lead to an increase in explosion risk which may be acceptable as long as the degree of the overall risk is reduced.

1 Trade-offs between risk and public benefit. For example we accept the level of risk associated with some activities due to the public benefit arising from these activities. Examples include rescue work and vaccination research.

1 Trade-offs on an individual level, such as accepting the dangers of learning how to swim in return for benefits of being able to swim in the future.

**Who sets the level of acceptable risk?** The process of setting down criteria to determine the level of acceptable risk that a society is willing to tolerate on the life of its citizens, on the environment and on property varies between countries, between industries and between services offered by each industry. For example, in Europe this process is very well defined where the maximum level of tolerable risk on the life of workers in a particular installation (i.e. on those directly benefiting from a particular activity) is defined according to the levels of risk in specific dangerous industries (e.g. such as the mining industry). In addition the maximum level of tolerable risk on the lives of citizens not directly benefiting from a particular activity is determined by comparison to levels of risks and deaths in routine activities where these levels of risks are deemed acceptable (e.g. traffic accidents). In this context, it must be recognized that these levels of tolerable risk are tentative in nature and can be modified since they have been tied to levels of fatalities in mines and traffic accidents, and when public safety in these activities improves it is expected that stricter controls will be placed on tolerable levels of individual risk. According to modern hazard management philosophy, in addition to intolerable levels of individual risk there are also intolerable levels of societal risks. These are set by placing a maximum frequency on the accidents and events that may lead to multiple fatalities.

***Rationalization of Risk assessment and the 'value' of a life*** In the risk assessment process, a trade off is often made between the additional cost associated with a particular risk reduction measure and between the benefits associated with this risk reduction. This trade-off often places a value on the life of a human being to be able to measure the benefits of a particular risk reduction measure in order to compare it against the cost of such a measure. In Europe this value for a human life varies with the level of risk, ranging from one million euros for low risks up to ten million euros for high risks. However, how should levels of tolerable risk be determined in Lebanon and more importantly how is it currently determined? Is it determined by public administration or by private companies (both national and foreign)? Who should participate in the determination of levels of tolerable risk? What are the capacities which should be developed in order to be able to set limits on tolerable risk and ensure that various administrations and industries are abiding by these limits? How is this trade off done in Lebanon, if at all? In the first instance one might think that it is not done, because we are a traditional society with religion playing a strong role in our everyday lives and as such we place too high a value on human life that we refuse to attach a monetary amount to it. However, this is not true. These decisions are often made by officials, whether knowingly or not, more often in an implicit manner, when they decide to reduce a particular risk or when they decide against adopting a particular risk reduction measure. Let us take few examples. Let's say we have a part of the infrastructure (e.g. a school, hospital, public building, etc) which has become very old or damaged due to war and is in dire need of rehabilitation. A decision needs to be made whether to simply rehabilitate it or to

redesign it to become resistant to earthquakes. Let us assume that rehabilitating the building instead of redesigning will lead to 10 additional fatalities. Let us further assume that the saving in costs for opting for rehabilitation instead of redesign is equivalent to half a million US dollars. This means that when we decide to rehabilitate rather than redesign we would be valuing the value of a life as equivalent to \$50,000.

Another example is the case of an electricity generation plant or a refinery that was built many years ago in what was a remote urban area but has now become located in the middle of a residential area due to unchecked and unregulated urban expansion. Various measures may be adopted to reduce the risk to the population living in the vicinity of the plant or the refinery. After careful examination of the various risk reduction measures two have been identified as offering the best improvement in safety and we need to select only one for implementation. Let us assume that we choose the least costly method between the two and thus we ended up saving a total sum of \$30,000. Let's further assume that if we chose the other measure the probability of death of a citizen due to an accident would have been reduced to half its level after using the first measure. This implies that the value we attach to half a life is \$30,000. In other words we do not deem it worthy to spend \$60,000 to save a human life. On what basis should these decisions be made, and who are the various stakeholders that must be consulted in the decision making process? The answer to this question is among the priorities that any disaster risk reduction unit must focus on.

**Priorities for Disaster Risk Reduction in Lebanon** Lebanon is now at crossroads where there is consensus within the political establishment on the need for a disaster risk reduction unit, at a relatively calm time when Lebanon is has a national unity government. Simultaneously, several international organizations are aware of the need to develop and strengthen risk reduction capabilities and institution in Lebanon and as such they are supporting various initiatives for this purpose.

To contribute to the ongoing discussions and efforts, listed below is, in order of priority, the tasks that the soon-to-be-formed disaster risk reduction unit must carry out:

1 Decide on a strategy for managing risks, arising from various activities, in a uniform manner across all regions of Lebanon.

1 Decide on the frequency (and therefore severity) of the hazards that the main infrastructure elements must be designed to withstand. For example who decided on what is the frequency of the earthquake that dams in Lebanon are built to withstand? Is it the same across the country? Is this decision left to foreign companies building the dams?

1 Decide on levels of tolerable risk and levels of intolerable risks on both workers and individuals as well as levels of tolerable societal risk from various activities and industries. Embark on a process of national consultation with various stakeholders among the Lebanese citizenry,

including professionals, workers, industrialists, unions, etc. to reach consensus on acceptable levels of risks.

1 Carry out a census of the level of risk on all main critical infrastructure elements (dams, ports, airports, schools, hospitals, malls, important government buildings, refineries, plants, etc) within the country, including touristic infrastructure (e.g. Baalbeck Roman remains, Jiita Groto, Byblos remains, etc). Compare the level of risk to acceptable levels of risks determined in step 3 above.

1 Decide on mechanisms for managing and reducing risks and upon a hierarchy for various risk reduction measures.

1 Embark on a national consultation process, taking into account the abilities and constraints of the Lebanese government, to reach a consensus on the amount of money to be spent to save a Lebanese life. These decisions are often made in an implicit manner and they should be done in an explicit manner so all stakeholder within society can participate.

The unit should start work on a national plan for disaster management only after a clear strategy has been defined with associated tolerable levels of risk, as the plan must be developed in order to fulfill the goals defined by the strategy.

Finally, it must be recognized that Lebanon has now a unique opportunity to create and develop functioning risk reduction strategies. Whether Lebanon will succeed or not depends to a large degree on how it will start the process in the few coming months.

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## **Israel and Palestine**

### **Political front:**

#### **Parties split over granting voting rights to expatriates**

11/02/2010- Haaretz - The Yisrael Beiteinu party has submitted a bill to allow expatriates to vote, and is hoping to have the Ministerial Committee for Legislation discuss it on Sunday. But Labor and Shas have already announced they will oppose the bill in its current format, making it unlikely to pass even if the committee does agree to take it up. Yisrael Beiteinu's proposal would allow anyone who has held an Israeli passport for at least 10 years to vote in Israeli elections. Likud, meanwhile, is working on drafting its own absentee voting bill, however its proposal is less sweeping than Yisrael Beiteinu's. While the bill has not yet been finalized, it would apparently grant voting rights only to people who have been abroad for no more than six

years and who spent at least 40 days in Israel during that period. Likud believes this proposal would cover some 200,000 individuals. Assuming the voting rate would not exceed 50 percent, it would result in a maximum of about 100,000 additional votes - a number too small to significantly affect the outcome of an election. The government's main opposition party, Kadima, has already announced that it opposes even Likud's more modest proposal - both on principle and because it considers it impossible to implement in practice. A document written by MK Yohanan Plesner argues that any attempt to enfranchise a significant group of expatriates could substantially alter the outcome of an election. Moreover, he wrote, setting up a worldwide infrastructure for absentee voting would entail "enormous economic costs" and would be vulnerable to "attempts to tilt the outcome of the election and to fraud, due to the limitations of any supervisory mechanism that would be charged with overseeing the proper conduct of elections in a large number of countries worldwide." Beyond the practical difficulties, however, Plesner argues in his document that the idea is also wrong in principle, as it is unfair to allow those who do not share the burdens of living here the right to vote here. "On the face of it, it would be possible to consider voting [rights] for Israeli students who went [abroad] for a limited period, or young trekkers following their army service," he wrote. "But the criteria according to which the right to vote would be granted, and the technical difficulty of carrying out a ballot among this population, makes this unfeasible."

#### **Report: Abbas to boycott Arab summit if Hamas' Meshal attends**

13/02/2010- Haaretz Palestinian Authority President Mahmoud Abbas plans to boycott the Arab League summit planned for March 27 if Hamas political bureau chief Khaled Meshal attends, according to a report Saturday on Al-Jazeera. According to the report, senior PA officials said they have received information that Libya, which is hosting the summit, is planning a bid to have the two leaders sign a reconciliation agreement. The report adds that Abbas is wary of Egypt's response to such a reconciliation effort. Egypt has been mediating reconciliation talks between Fatah and Hamas that have thus far been unsuccessful. Abbas has notified Libya, Egypt, Saudi Arabia and Jordan that he objects to meeting the Hamas chief unless he signs the reconciliation deal mediated by Egypt. Libyan leader Muammar Gadhafi invited Abbas for an official visit to discuss reconciliation prior to the summit's start. However, PA officials have said that the meeting would take place only if Egypt gives a green light. The Al-Jazeera report added that the PA wants Russia to pressure Hamas to sign an accord and that Abbas even discussed the matter with Russian Foreign Minister Sergei Lavrov, who met this week with Meshal in Moscow.

#### **Israel bars Palestinian expert on settlements from travel abroad**

08/02/2010- Interior Minister Eli Yishai has banned Palestinian geographer Khalil Tufakji, a resident of Jerusalem, from traveling abroad for six months, citing unspecified security concerns. The ban was issued on the recommendation of the Shin Bet security service and is based on 1948

Emergency regulations. "Having been convinced that there is real concern that the exit of Mr. Khalil Tufakji from Israel may harm the security of the state, I order that he be banned from exiting the country until 2 August, 2010," the order reads. Tufakji, 60, was summoned last week to a meeting at Jerusalem police headquarters in the Russian Compound. There, a man in civilian clothes calling himself Shadi, gave him the order. The Shin Bet said that the man was a policeman. Tufakji has for years been researching Israel's settlement policy and the ways by which Palestinian land is taken over, as well as planning policy which discriminates against Palestinians. He heads the cartography department of the Arab Studies Society, established in 1980 to document the social, political and cultural history of the Palestinians. Since 1992 Tufakji has been part of Palestinian negotiating team on property borders, land and settlements. In addition to his research, he lectures in Israel and abroad and is often interviewed by journalists. Tufakji says that he has no scheduled lectures abroad in the near future. Palestinian activists say that the order against him is part of a policy of oppression by the Israeli authorities, targeting popular and public opposition to the occupation. The Shin Bet said in response that "as far as we know the minister issued the order after reviewing relevant information and a recommendation by the Shin Bet that there is a significant security threat by the exit of the aforementioned person abroad."

### **Fatah official visits Hamas-ruled Gaza for 1st time since '07 coup**

03/02/2010- For the first time since Hamas ousted President Mahmoud Abbas' Fatah faction from rule in the Gaza Strip in 2007, an official from the Fatah government in the West Bank visited the coastal enclave. Nabil Sha'ath, a member of the Fatah central committee, arrived in Gaza on Wednesday after crossing into the territory from the Erez checkpoint via Israel. Sha'ath was welcomed in Gaza by a number of individuals who are thought to be politically unaligned. The official, who is expected to remain in Gaza for a number of days, is scheduled to meet with figures from various Palestinian organizations, including Hamas. They are expected to discuss efforts to forge reconciliation among the rival Palestinian factions. Palestinians who are unaffiliated with the main factions have sought to mediate the discussions between Fatah and Hamas, which have stalled since Egypt ceased its efforts to bridge the remaining gaps. Inter-factional talks have taken on a greater urgency since both sides would like to make progress before the Arab League summit, which is scheduled to take place in late March.

### **Geo strategic front:**

#### **Meshal to visit Russia next week on Mideast peace**

04/02/2010- Haaretz Service and The Associated Press- Hamas leader Khaled Meshal will visit Russia next week for talks on ending a Palestinian split and bringing about a resumption of peace talks with Israel, the Russian government said. Hamas, which is backed by Syria and Iran, has been shunned by the West over the Islamist group's refusal to recognize Israel, renounce violence

and accept existing interim Israeli-Palestinian peace deals. "The main topic that will be discussed is the way to end the Palestinian divisions and how to resume the Palestinian-Israeli negotiations," Foreign Ministry spokesman Andrei Nesterenko told reporters in Moscow. Hamas seized control of the Gaza Strip in 2007 in fighting with Fatah forces loyal to Palestinian President Mahmoud Abbas, whom Israel and the United States have been trying to woo back to peace negotiations suspended since 2008. Talks to reconcile Hamas and Fatah have yielded no results since Egypt began mediation in late 2008. Meshal's last official visit to Moscow was in 2007. Various Hamas officials have at times indicated a willingness to negotiate a ceasefire with Israel, possibly decades long. But Hamas continues to say that it will not recognize Israel officially. Last month, Meshal met with the Russian Foreign Minister, Sergey Lavrov in Syria, after which Lavrov said that the Hamas had adopted a more realistic approach since Operation Cast Lead in December 2008. Senior officials in the Foreign Ministry were furious over the news and said one of the reasons for their displeasure stems from the fact that Foreign Minister Avigdor Lieberman was due in Moscow a week later for his first visit, which aimed at beginning talks on upgrading strategic relations between Israel and Russia.

### **Hamas: Next war with Israel will be regional conflict**

12/02/2010-By News Agencies and Haaretz Service- Hamas political leader Khaled Meshal warned on Friday that should another war erupt with Israel, the majority of battles would not be contained to the Gaza Strip as they were during the conflict last winter. Meshal told the London-based Al-Hayyat that Hamas was not interested in seeing another war, but would embark on steadfast defense of the Palestinian people should one begin. Speaking during a visit to Russia, Meshal accused Israel of making threats of war in Gaza, Lebanon and Syria. He said the quickening tide of military threats was the result of Israel's leadership under Prime Minister Benjamin Netanyahu, Foreign Minister Avigdor Lieberman and Defense Minister Ehud Barak - the latter to whom he referred as "the most extremist." The Hamas leader also blamed Israel over the failure in Russian attempts to mediate between the two enemies, with regard to peace negotiations and efforts to see abducted Israeli soldier Gilad Shalit released from Palestinian captivity. Meshal's visit to Russia angered Israeli officials, who sent a letter of protest to Moscow over the matter.

### **Palestinian FM: New Mideast talks must focus above all on borders**

08/02/2010- Haaretz Service and News Agencies- Palestinian Foreign Minister Riyad al-Malki said Monday that renewed peace talks with Israel under U.S. mediation must focus first and foremost on the issue of borders. "Proximity talks should focus on one issue only. That issue is borders," Malki said during a visit to Tokyo with Palestinian President Mahmoud Abbas. Other conflict issues such as water, security and Jerusalem must then be brought up for discussion, said Malki. The Palestinian official added that the timeframe for such talks should be no more than three to four months. Senior Palestinian negotiator Saeb Erekat said separately in a statement that

Palestinians wanted to see the specific "objectives and timelines for proximity talks". "Only then will they be considered," he said. Following heavy international pressure, Abbas agreed in principle to the U.S. proposal to hold talks with Israel - in the format of indirect negotiations conducted by U.S. special envoy to the Middle East George Mitchell. The talks are expected to begin on February 20, a senior Palestinian official told AFP on Monday. "These contacts will be aimed at creating a better climate and reaching an understanding on the borders of the Palestinian state, and they will begin on February 20," the official said on condition of anonymity. "They will last three months, with the Americans negotiating directly with the two sides after determining a timetable and agreed-upon mechanisms for implementation." Senior Palestinian sources confirmed Sunday that Abbas has agreed in principle to the U.S. proposal for indirect talks. According to the same sources, Abbas intends to ask for a number of clarifications with the U.S. administration and will consult with Arab leaders prior to giving Washington his final response. Abbas is inclined to respond positively to the American proposal, as a refusal would shed negative light on the Palestinian position. Deputy Foreign Minister Danny Ayalon said in London that he was "confident" the Palestinians would accept the proposed formula for indirect talks. "Proximity talks are not our first choice, but they are better than no talks," Ayalon said. Senior Israeli officials noted that Prime Minister Benjamin Netanyahu believes the talks will begin in late February and will result in the resumption of direct negotiations between Israel and the Palestinian Authority. The proposal relayed to Israel and the Palestinians during Mitchell's last visit to the region, about two weeks ago, involved the indirect negotiations beginning with American mediation. The format will be similar to the indirect talks Israel held with Syria in Turkey, with Mitchell relaying messages to the negotiating teams sitting in separate rooms

### **Merkel welcomes prospect of renewed Israel-PA peace talks**

01/02/2010- German Chancellor Angela Merkel welcomed the prospect of renewed talks between Israel and the Palestinian Authority on Monday, during a visit to Berlin by Palestinian President Mahmoud Abbas. Merkel, who met last week with Israeli President Shimon Peres, said both the Israelis and the Palestinians recognized that it was in their interest to resume negotiations. "Now it is about finding acceptable conditions for such talks," Merkel said, adding that so-called "proximity talks" could provide the groundwork to resume direct negotiations. These initial discussions, as proposed by US Middle East envoy George Mitchell, would take place indirectly, using the US as a mediator between the Israelis and the Palestinians. "I think Israel is positive about the prospect, and it would be good if the Palestinian side could also reach a positive assessment," the chancellor said of Mitchell's proposal. Abbas said the Palestinians would decide within the next week whether to accept Mitchell's conditions to resume talks aimed at a two-state solution for Israel and the Palestinian Territories. "If Israel stops the settlements for a certain period of time and is prepared to return to the basic agreement, we are prepared to negotiate with them," Abbas said, in reference to the 2003 peace agreement, or road map.

### **Economic front:**

## **Social front:**

### **Survey: Modern Israelis clinging to traditional family structures**

11/02/2010- Haaretz Correspondent- The average Israeli is generally pleased with his life, his standard of living is up, his family relationships are happy and he has a mobile phone and internet services, according to Central Bureau of Statistics data released ahead of family day next week. The number of single mothers increased by 63 percent between 2000 and 2008, from 8,400 to 13,700, the bureau reported Wednesday. Some 1.73 million families lived in Israel in 2008, 104,000 of them single parent families with children up to 17 years old. However, Israel is still a traditional country. Almost all couples are married and only 3 percent live together out of wedlock, compared with 24 percent in Denmark, 18 percent in The Netherlands and 8 percent in the United States. The average Israeli family comprises 3.7 people. Despite a sharp rise in real estate prices and the high demand for apartments, the number of people living per room decreased in 2008. Almost 53 percent of Israelis households had more than one room per person in 2008 compared to 45 percent in 1998. Almost every Israeli family has a mobile phone, more than 60 percent have a computer and more than 55 percent subscribe to the Internet. The larger the number of people in a family, the fewer electronic devices the family owns, the figures show. More than 77 percent of households with two children or less have Internet access, compared with 56.8 percent of families with more than three children. Ninety percent of families who have up to two children have a television set, compared to 79 percent of families with three or more children. About 70 percent of households with no children have satellite or cable television compared with 58 percent of families with children and 40.6 percent of families with three children or more. Three quarters - 74 percent - of families with up to two children have at least one car, compared to 68 percent of the families with three or more children. Among people over 20, 87 percent who live as a family are pleased or very pleased with their life, compared to 78 percent who live without a family.

## **Iraq**

### **Political front:**

#### **Barring former Baathists from elections may ignite a new civil war**

Azzaman, February 10, 2010- There is a ruinous struggle going on in Iraq since April, 2003, when U.S. forces entered Baghdad. It resembles in several aspects a war in proxy fought under the umbrella of U.S. occupation. The combatants are Iran and parties such as Saudi Arabia and other destructive forces some of which are Arabs by identity. The struggle has been the bloodiest one can imagine. Its victims have been the sons and daughters of the Iraqi people. The weapons of choice for this bloody struggle have been terrorist attacks which targeted all sectors of the Iraqi society among them Iraqi Christians who have found themselves alongside their countrymen in the abyss of a sectarian struggle Iraqi factions have used to gain power at the

expense of the blood of innocent Iraqis. The current battle over the removal of former Baath party members, the so-called debaathification, is being fought by Iraqi political factions as a reminder of previous battles that caused Iraqis massive damage and casualties. The factions, whether in power and outside, see themselves as enemies striving to exterminate the other and not accommodate it. Those Arab nationalists working for the return of Baath party to power find the killing and murder of innocent Muslim Shiite pilgrims a “legitimate” way to express their rejection of the status quo. The other side, including those in power, exclude the Baathists on the pretext that their victims, the Iraqi people, do not want to see them integrated into the society. Both sides ruin the country in the name of the Iraqi people and the Iraqi people have nothing to do with it. The Iraqi people are powerless. Their voice reaches nowhere. The new Iraq has made victims of them. Nothing less. Nothing more. It is so sad to see each side blaming the other for the rivers of innocent blood that has been flowing since 2003. Each side says it has the evidence to prove who has been behind the merciless killing. The truth for the hapless Iraqis lies in the fact that both are accountable. Both are to blame. The debaathification is not only for the exclusion of former Baathists. Each party is using it to uproot the other. They hate each other to the extent that they prefer the ‘doors of hell’ to the ‘doors of peace’. The question now is who is going to uproot the other. As the factions fight pitched battles on the streets of Baghdad via suicide bombings, assassinations and the recent upsurge in insecurity, a specter of a new and ferocious civil war looms. Iraqi political leaders are called upon to resort to reason and beware of the ruinous recipes being cooked for the Iraqi people in some neighboring states. The previous civil war for which we all paid a heavy price has not subsided. Its fires could rage any time. And the current attempt to exclude former Baathists on alleged claims that their hands are tainted with the blood of the Iraqi people could ignite the fires once again. Debaathification has turned into a time bomb. If it explodes, it will burn almost everybody this time.

### **Iraqi, U.S. Forces Battle Militia Group, Five Killed**

February 12, 2010- (Reuters) -- Iraqi security forces backed by U.S. troops killed at least five people today in a raid on suspected members of what Washington calls an Iranian-backed terrorist group, the U.S. military said. While overall violence in Iraq has fallen over the last two years, attacks and fighting remain common as Iraq gears up for a March 7 election and U.S. troops prepare to stop combat operations ahead of a withdrawal by the end of 2011. The firefight with suspected members of Kata'ib Hizballah, a group that the U.S. State Department says has ties to Lebanon's Hizballah, occurred 265 kilometers southeast of Baghdad in a village near the Iranian border. Twelve people were arrested. "The joint security team was fired upon by individuals dispersed in multiple residential buildings...members of the security team returned fire, killing individuals assessed to be enemy combatants," the U.S. military said in a statement. "While the number of casualties has not yet been confirmed, initial reports indicate five individuals were killed," it said without specifying who was killed in the raid. Maitham Laftah, a member of the provincial council of Maysan province, said 10 people were killed, including two

women, and five people wounded in the village 75 kilometers north of the city of Amara. Eleven people were arrested, he said. Hospital sources in Amara put the death toll at eight killed, including a woman, and three wounded. A Reuters photographer who arrived after the firefight saw bloodstains on the ground and bullet holes in the walls. The U.S. military said that Iraqi and U.S. intelligence sources have spotted a recent increase in weapons smuggling by Iranian-backed militia like Kata'ib Hizballah. It gave no further information.

### **Iraq Poll Candidate Ban Appeals Wrongly Presented**

10.02.2010 (Reuters) -- Almost all the candidates who contested their ban from Iraq's upcoming parliamentary election did not submit their cases properly and may have lost the chance to appeal, an Iraqi legal body said today. Nearly 500 candidates for Iraq's March 7 vote were disqualified from standing in the election by the Justice and Accountability Commission for alleged links to Saddam Hussein's outlawed Ba'ath party, sparking political uproar. The commission, dominated by Shi'ite Muslim politicians, is tasked with rooting out Hussein loyalists, but Iraq's minority Sunnis feel the ban is a move to sideline them before the polls. Many of the candidates have been replaced by their parties and some have had their ban lifted, leaving 177 cases in the appeals process. But only 37 were lodged correctly, leaving the rest potentially subject to disqualification. "Just 37 candidates presented their application to investigate their ban to [the election watchdog]. The rest presented their applications to the appeals commission directly, which means they lost their opportunity to review their ban," said justice commission spokesman Khalid al-Shami. Iraq has only just emerged from years of sectarian conflict since Hussein's fall in 2003, and Sunni participation in the vote is seen as crucial if Iraq's shaky stability is to hold. Although the majority of those disqualified from the election were Shi'ites, a prominent Sunni lawmaker, Saleh al-Mutlaq, was included, as well as others trying to forge cross-sectarian election alliances. Such groups are expected to do well and could chip away at the chances of Shi'ite Prime Minister Nuri al-Maliki and the powerful Shi'ite party the Supreme Islamic Iraqi Council. Both have Islamist roots but are now trying present themselves as nationalists to woo voters tired of sectarian politicking. Mutlaq is among those the commission said did not appeal correctly. Former Prime Minister Iyad Allawi, who heads an election list in which Mutlaq is general secretary, warned on February 8 the candidate ban could re-ignite sectarian violence.

### **Campaigning Begins In Iraq For Parliamentary Elections**

February 12, 2010- The campaign for Iraq's parliamentary elections officially started today amid a continuing controversy over a ban on scores of candidates. Many of those on the blacklist were banned for links to the Ba'ath party of former Iraqi leader Saddam Hussein. The ban raised tensions between Sunni Muslims and Shi'ites, with many Sunni Muslims -- who were dominant under Hussein -- complaining they were being discriminated against by the Shi'ite-led government. Electoral authorities initially banned some 500 candidates, but the list was later cut

down to about 170. The start of election campaigning had been postponed by more than a week to allow more time for appeals. Nearly 6,200 candidates are competing for the 325 seats in parliament in the March 7 election.

### **Geo strategic front:**

### **Economic front:**

#### **Iranian firms asked to implement construction projects in Iraq**

Azzaman, February 9, 2010- Iraq has urged Iran to implement a memorandum of understanding under which Iranian firms are required to implement big housing and construction projects in the country. Housing and Reconstruction Minister Bayan Dazaai said big projects awaited Iranian firms among them bridges and large housing projects. The countries signed the memorandum last year. Iran had promised to engage its firms in Iraq's post-war reconstruction. Iranian firms are very active across the country and shops in Iraq brim with Iranian goods. Currently a senior Iranian construction and housing official, Hassan Danabi, is visiting Iraq exploring business opportunities for Iranian firms. Iran has emerged as Iraq's top trading partner with value of bilateral trade expected to surpass \$5 billion this year. In a statement faxed to the newspaper the Iraqi minister said Iran will construct three major roads in Iraq, several bridges and a new city. The projects are part of contracts Iranian firms have won and direct investments by Tehran, said the statement.

#### **Russian firm in talks with local officials on developing giant oil field in southern Iraq**

Azzaman, February 11, 2010- Russian energy giant Lukoil is discussing with local officials in the southern Province of Basra the details of implementing a contract to develop the Quran oil field. Governor Shaltah Aboud is reported to have promised the Russians "to engage in full cooperation and do his best to remove all obstacles." "We have discussed with Russia's Lukoil and its partner Norway's StatoilHydro which have won the contract to develop the giant field of West Qurna, ways to solve the problems they might face," Aboud said. One important issue, he added, was related to employment. Aboud said he wanted to see Lukoil and StatoilHydro employing as many Iraqis as possible. "Lukoil expressed readiness to accommodate (certain) numbers of Iraqis and work for their career development," the governor said. The Quran field, holding proven reserves of around 13 billion barrels, lies within Basra provincial borders. Aboud said he was keen to know what services and amenities the Russians were prepared to offer to locals residing in the field's neighborhood and beyond. "We are planning more meetings with Lukoil and StatoilHydro on the nature of the services they intend to offer to province's population," he said. The governor did not say when Lukoil and StatoilHydro were to start development in earnest. Under the deal the firms are to substantially raise the field's output to 1.8 million barrels a day. Lukoil has 56.25 percent share, StatoilHydro 18.75 percent and Iraq's North Oil Company 25 percent. The Iraqi government ratified the agreement last month. It will

last 20 years with a possible extension for five more. Production is expected to start by the end of 2011 but it will take several more years to hike it to the 1.8 million-barrel-a-day ceiling. Iraq has the world's third largest oil reserves, behind Saudi Arabia and Iran, with an estimated 115 billion barrels of proven reserves.

### **Baghdad Hopes Project Will Resolve Water Shortage**

February 12, 2010 -- Baghdad Mayor Sabir al-Isawi says the largest municipal water project in the Middle East is under way in his city to help end water shortages in the Iraqi capital, RFE/RL's Radio Free Iraq (RFI) reports. Al-Isawi told RFI the Baghdad Water Authority contracted France's Degremont and the Iraqi companies Al-Mabrook and Issam al-Iraqi to implement the first phase of the project, which will cost some \$1 billion. He said work on the project began eight months ago and is scheduled to be completed by 2012. Al-Isawi said the massive project includes the construction of 16 water-storage facilities, 11 on the eastern side of the Tigris River and the others on the western side. When completed, the new structures are expected to provide supply Baghdad's water needs until 2030. Al-Isawi said civil engineering work on the project is being done by an Indian subcontractor and that a \$6 million contract was given to a foreign consultant. The Iraqi capital, which has an estimated 6 million to 7 million residents, regularly suffers from water shortages due to a decrepit distribution system and insufficient power supply to run purification and pumping stations.

### **Social front:**