I would like to thank you for such a reception and for affording me this opportunity to share with you some thoughts on matters of common concern and mutual interest. I am particularly pleased to notice the presence of many friends in your midst, this evening, who are well versed in the field of economics and keep abreast with the latest developments of the world economy. I gladly accepted your invitation because I believe that economics is the real key to constructive relations and healthy interaction among nations. It is not only the world of facts, figures and statistics, but more importantly, it is the world of visionary prediction of the future of mankind. Also, I have always enjoyed talking to economists and listening to them, as they tend to be practical, realistic and to the point. They are inclined to address themselves directly to the core of the problems facing us and apply their ingenuity to solving them.

With this note, I suggest to proceed to give you an idea of how I conceive of developing our economy and conducting our economic relations with the outside world.

As you may well know, Egypt, which was traditionally thought of and classified as an agricultural society, was among
the first states to introduce industry to our region. By the nineteen thirties we were able to lay the foundation of a modern industrial base capable of propelling us later into the contemporary industrial revolution. Thus, when we embarked on a vigorous drive in the sixties to revitalize our system of production and widen the scope of our manufactured commodities, the transformation was a natural and smooth one. As we went along, we discovered the need for making adjustments here and there and I believe we have been quite flexible. Those among you who are acquainted with us know that we are open-minded and willing to do everything we can for the success of our people.

We continued to develop our agriculture and the past few years have witnessed a vigorous drive on our part with the aim of increasing production and rejuvenating the system. We are accelerating the rate of mechanization, introducing higher yield varieties of grain, and doubling our production of fertilizers. We are spreading light industry and handicrafts in the countryside. Together with that we have been focusing on the need for social development in over 4000 Egyptian villages. Schools are being built every day, medical centres established, family planning units set up, running water is replacing canal water for human use and last but not least, electricity is changing the quality of life altogether in the country.

Today, agriculture remains the largest sector of the Egyptian economy, accounting for 30 per cent of the gross national product and providing for almost one half of the labour force. Industry contributes 20 percent of the gross national product and employs 13 per cent of the labour force. We are developing our economy in both sectors simultaneously and along parallel lines.

Perhaps it is worth mentioning that success in industry called for the involvement of 15 per cent of the labour force capable of utilizing the technological means and capabilities of the pilers of our economy - Egypt.

Without an adequate level of self-reliance, it would suffice it to say that we adopted a policy which provided for Egyptian expertise to multiply more adequately by developing our industrial capital. To the extent of reducing existing restrictions and to initiate the development process. The policies we have adopted are working very well in contributing to the reforming and development of the nation, to the extent of creating a new incentive. The civil servants and engineers who have adopted this policy have contributed to the building of the balance between what we have to provide and how we will modernize the national economy.
Perhaps you are aware that one of the main fruits of our industrialization drive has been the training of a skilled labour force capable of absorbing and assimilating new technological techniques and processes. In fact, this skilled labour force is one of the pillars of development in the entire region, not only in Egypt.

Without getting into the details of our development plans, suffice it to mention a few words about our open-door economic policy which is a corner-stone in our endeavour to rejuvenate the Egyptian economy. This policy is designed to encourage and stimulate more capital investment, be it local, regional or foreign capital. To reach this end, we are liberalizing our laws, eliminating restriction combatting bureaucracy and rewarding initiative. The objectives of that policy have not been fully attained yet and some remnants of the past still persist. But we are working very hard on it with determination, for we know that reforming an established structure could be much more difficult than creating a new one. As we go along in the implementation of this policy, we make the necessary adjustments, amendments and accommodations. We would like our economic system to have its built in correctives. We also realize the need to strike a balance between stability and flexibility and that is precisely what we are doing.

We realize as well the need to reassure foreign investors and convince them that they are not taking any risk while investing in Egypt in this era. At a time when runaway inflation is rampant and recession is overshadowing many parts of the world, capital could be scarce and hard to get. But we are doing everything we can to make Egypt an attractive spot for investors. So long as their objective is mutual benefit and not exploitation, they will find us most responsive and attentive to their needs. Any economic activity has to fit in our overall plans for econo-
deavour. We are not forfeiting our economic independence or mortgaging our economy. But we welcome a profitable and rewarding partnership from which both sides would benefit. We promulgated a law (No 43 for the year 1974) for regulating foreign investment and free zones. It granted foreign investment numerous immunities, privileges and exemptions. Foreign investors are now immune to nationalization, sequestration, expropriation and seizure. The law also guarantees the free repatriation of profit and capital. Furthermore, Egypt adhered to the Convention on the Settlement of Investment Disputes through the World Bank. Besides, we have concluded bilateral agreements with several countries, providing for an added protection for the investments of their nationals. An example is the Investment Guarantee Agreement between Egypt and the United States. Also we have just concluded a convention for the avoidance of double taxation which aims, among other things, at the elimination of obstacles to international trade and investment. Still, we are prepared to respond to any constructive suggestions and make the necessary adjustment as we proceed ahead in this process.

It was in this spirit that we welcomed, a few days ago in Alexandria, a seminar sponsored by the Ford Foundation on the legal and economic aspects of foreign investment in Egypt. Moreover, we listen to investors and businessmen, individually and collectively with a view to establish a workable accommodation with them that is just and fair for both sides. Thus, we were glad to receive several groups of American businessmen in the past few months. Discussions were held and opinions exchanged to the effect that each party became better acquainted and more informed of other's thinking.

We are also reviving the stock exchange, which remained defunct for about 15 years.
Let us take a look into the near future and let me explain our concept of the role of foreign investment in Egypt and the optimal functioning of the mechanism governing the relations between the parties involved.

We must bear in mind that development is not purely economic. It does encompass social development and institution building. We are gearing our development efforts to these aspects as well, especially where we are evolving new institutions which are both flexible yet stable, capable of adjusting to the rapid rate of change which has become the hallmark of our time. They are designed to provide the continuity and stability needed to avoid the traumatic upheavals that have shaken some modernizing societies.

Such institutions also avoid the development of a dualistic society which allows only a segment of the nation to reap the fruits of progress.

Economic development, in our view, is the promotion of growth and structural change of the Egyptian economy. For this we need both capital and human resources. But above all, we need a massive transfer and adaptation of technology. Therefore, we propose to invite foreign investors to bring not only capital, but also their know-how. We invite them to do that, within the framework of our development objectives, so that they may join us in a new partnership. Instead of conflict we propose cooperation, and instead of administrative controls, we propose accountability. The same accountability that management owes to the stockholders. Through joint ventures, the Egyptian people, whether via public or private participation, would be a stockholder in these enterprises. The formula of the
joint venture may be coupled with the know-how, to join local resources in specific projects.

This trilateral formula is particularly appealing. Where it has been applied, it has proven a great success. The region's vast accumulated capital resources, together with the modern know-how and technology, brought to a well-established base of investment opportunities, provide an excellent combination.

Thus, although our present laws allow other forms of investments, the logic of the joint venture formula imposes itself with striking clarity. By providing for the mutual benefit of the parties involved, we ensure that the imported technology is part of an ongoing stream, not a single short operation. As new production technology or managerial and marketing know-how is created, it will be in the investor's interest to bring it to Egypt. The investor will have a stake in building a viable competitive industry which builds on comparative advantage and uses the up-to-

The Egyptian state will also bring much to this partnership. In addition to the many privileges, immunities and guarantees provided, we can bring some capital and equity participation in kind. We are building and renovating our infrastructure, thus improving our competitive capability. We are also developing our human resources by introducing more technical education and vocational training geared to keep our workforce abreast with the latest in technology. Finally, we offer the advantages of a geographic location at the heart of the fastest-growing region in the world. Our land is one of bountiful opportunities. Our people have been known throughout their history as being hard-working, creative and enterprising.

With the peace structure we are building, the situation will certainly be more promising and conducive. We are doing every-date equipment.
thing we can to reinforce and accelerate the process of peace, at some cost occasionally. But we are determined to pursue this road for the good of our people and in the interest of other nations. At a time when there were some discouraging signs I took my decision to reopen the Suez Canal. I did that as a unilateral contribution on our part to world trade and prosperity. We firmly believe that all nations have much to gain and nothing to lose by doubling their exchange and intensifying their transaction. To this goal, we are committed and devoted and I am sure that you are too. Thank you.