

## Middle East Report by Renée Sigerson

### World Bank targets Egypt

*Egypt's nuclear program is the bulls-eye for the Bank and the Eximbank's population-cutters under William Draper III.*

**E**gypt has been put under the gun by the World Bank and the U.S. Export-Import Bank, which are attempting to force the country to halt construction of two planned nuclear power plants, and in their place, to adopt a program of increased conventional fuel energy prices.

The staffs of these agencies have been working together to design a coordinated approach to Egypt. They are now trying to cut off most sources of international credit available to the country, in order to force it to adopt top-down economic policy changes. In addition to raising energy prices, the World Bank and Eximbank want Egypt to 1) reduce annual growth rates in electricity consumption, and 2) eliminate government subsidies to state sector industries (see *EIR*, Sept. 6).

The fact that the Eximbank is working so closely with the World Bank on Egypt is the outcome of the policy revisions introduced at Eximbank by chairman William Draper III. A fanatic proponent of reducing world population, Draper believes Eximbank should only issue loan guarantees to American exporters "on condition" that the financing go to projects aimed at reducing energy consumption and increasing "efficiency." Under Draper, Eximbank has made Egypt into a test case for implementation of this policy.

In late August, Eximbank announced that it would deny guarantees to U.S. corporate bidders for construction of one of two \$2 billion nuclear plants.

Soon after, Westinghouse Corpo-

ration, the leading U.S. bidder, said that it would not give up on its effort to get the contract, and that it was seeking joint financing in Japan for the deal. The Westinghouse effort is particularly laudable, since it defies Draper's staff—which has been sending telegrams to export credit agencies around the world urging them to join the credit cutoff on the grounds that Egypt is "not creditworthy."

Egypt's confrontation with the World Bank and Eximbank has just begun, however, and whether the country can succeed in maintaining a nuclear power development program is unresolved.

"Things are happening quite rapidly on the front of Egypt's nuclear energy development," a World Bank official noted in late August. He reported that the World Bank is sending a delegation to Egypt at the end of October. As it stands now, this visit will occur just a few weeks before the postponed Nov. 26 closing date for international bids on the nuclear power project.

What the World Bank and Eximbank want Egypt to do in place of nuclear development would mean a halt in the country's ambitious city-building and agricultural improvement projects.

The gist of their proposals is that the government must restrict all of its involvement in the economy to revenue collection from the Suez Canal, oil exporting, and the receipt of wages from workers employed abroad.

"Our policy in dealing with Egypt," an Eximbank official ex-

plains, "is to deal only with those projects which 1) make foreign exchange, and 2) can pay their own debts. . . . There is an ongoing discussion between Egypt and its three lenders, the World Bank, the Agency for International Development, and Eximbank on the energy pricing question. The World Bank does not lend any money for power plants in Egypt's energy sector, because it is much too highly subsidized."

It is the World Bank's estimation that Egypt squanders resources because of its commitment to energy consumption growth. "Electricity demand is growing 12 percent per annum," a World Bank economist stated. "This requires enormous investments, but the self-financing capability of the power companies is nil. Raising the price of energy would first act to cut back demand for energy; at the same time, it would bring the level of demand back to the level of investment available."

The Structural Adjustment Division of the World Bank further insists that financing state-sector industry is a waste for Egypt: "Their energy prices are 15 percent of world market levels. . . . We'd like to see world market prices, or more," the Egyptian desk officer stated. "They have an inefficient industrial sector. . . . Seventy percent of investment in industry goes to the public sector, and a very small part to the private sector. The issue of public sector management is crucial."

Were Egypt to follow these agencies' recommendations, the effect would be to cast financial control of the country into the laps of certain *private* banking interests which currently have command over short-term external lending flows available to the country. Such private interests appear to be good friends of the World Bank and company in the region.