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Egypt: Army Economic Institutions and Road to Full Domination

Mahmoud Gamal

After Abdel Fattah El Sisi's military coup on July 3, 2013, the leaders of the ruling military institution adopted a new approach to management of the economic file within the Egyptian State, whereby the army has turned from being a major player in the Egyptian economy to the position of the dominant actor that aspires to control the Egyptian economy as a whole.

From the very early moments of the military coup, the ruling military leaders have identified the mechanisms for implementing their plan of dominating the State economy system, focusing primarily on quality rather than quantity. Accordingly, the army has since seized the most significant Egyptian economic files, such as the contracting and infrastructure sector, the telecommunications sector, the health sector and pharmaceutical market, the national projects, the real estate sector and its related industries, the chemical industry and mining, the agricultural production and food industries, the fish farming, the red and white meat production and trade, the infant formula, the import of wheat and sugar, and implementation of the ration cards project.

Army Economic Institutions

The Egyptian army owns several economic institutions, mainly established to meet its military needs of armament, equipment and the like; but after July 3, 2013, most of these institutions have significantly changed their course: instead of focusing on military manufacturing for providing military support to the Egyptian army, they have become to a great extent preoccupied with the production of civil products.

Following are the most prominent economic institutions owned and operated by the military:

1- The National Service Projects Organization

The National Service Projects Organization (NSPO) was established by President Sadat's decision No. 32 of 1979 following the signing of the Camp David agreement with the Zionist entity for the sake of achieving the relative self-sufficiency of the Armed forces main requirements, locally and internationally marketing the surplus, and assisting in the State's economic development projects

through a sophisticated industrial production base. However, the NSPO is currently manufacturing products to compete with civil companies in some civil industries.

The NSPO covers a wide range of sectors, such as construction, hygiene, and agriculture and food products, including well-known companies such as: Queen Service (El Nasr Co. For Services & Maintenance), the National Company for Land Reclamation, and Upper Egypt Company for Agricultural Industry & Land Reclamation, which has 7 factories for producing tomato sauce, dairy products, livestock and fish feed, and dried onions; Macaroni Queen Company; as well as the food security sector which owns a large number of farms and animal and poultry slaughterhouses, dairy production units, egg production complexes and others.

2- Arab Organization for Industrialization

The Arab Organization for Industrialization is an Egypt-based Arab military organization established in 1975 by Egypt in cooperation with the Kingdom of Saudi Arabia, the United Arab Emirates (UAE) and Qatar for supervising the collective development of the Arab defense industry. In 1993, Saudi Arabia and the United Arab Emirates returned their shares in AOI, valued at US\$1.8 billion, to Egypt, leaving AOI wholly owned by the Egyptian government. The Arab Industrialization Authority (AOI) has 11 factories and companies operating in the military and civilian industries, including Sakhr, Qader and Helwan factories for advanced industries and the SIMAF Factory for railway, producing rail cars and bars.

AOI is currently headed by Lt. General Abdel Moneim Al-Tarras, a member of the Supreme Council of Armed Forces (SCAF) on the summons list. The military production of the Arab Organization for Industrialization is extremely weak, and has not met the army's needs of weapons or equipment.

The Egyptian army has become mainly dependent on external armament rather than national armament. According to the Stockholm International Peace Research Institute (SIPRI), Egypt has become one of the most arms importing countries over the world between 2008-2012 and 2013-2017.

The Arab Organization for Industrialization exports its equipment to weak armies, particularly African countries. The AOI affiliated factories focus primarily on essential household items

3- Armed Forces Engineering Authority

After Abdel Fattah El-Sisi had come to power in Egypt in mid-2014, the Armed Forces Engineering Authority turned from being a specialized military engineering department within the Egyptian army to a major contracting company dominating the market, according to what was revealed by the Egyptian actor and businessman Mohamed Ali, who had worked with the Authority in several projects.

The Armed Forces Engineering Authority now controls through its subsidiary administrations (Military Works, Military Survey, Water, Major Projects, Military Engineers) the execution and building of highways, bridges, airports, hotels and new urban cities in various governorates of Egypt, establishment of desalination plants, digging wells, and extension of water pipelines to new cities and urban communities, as well as implementation of cadastral works and issuance of maps and encyclopedias to assist the civil organs in implementation of mega projects.

The Armed Forces Engineering Authority also participates in projects of urban, social, and health development through building and development of schools, hospitals, health units and cultural development centers all over Egypt; establishment of agricultural and productive projects and manufacture of raw materials and construction materials used in projects, and building and development of stadiums, playgrounds and sports arenas, and preparing them for organization of local and international championships.

In addition, the Armed Forces Engineering Authority assists the civil sector in overcoming the effects of natural and industrial disasters, carrying out rescue operations and rapid intervention using the latest and various equipment and potential, as well as sheltering the affected people, removing debris and helping to establish isolation camps.

4- National Organization for Military Production

The National Organization for Military Production (NOMP) was established in 1984 with the aim of supervising the military factories, and currently owns more than 18 factories for the military and civilian industries, but its manufacture is mainly limited to civil industries, including factories of Abu Qir, Abu Zaabal, Shubra, and Helwan for engineering industries, in addition to Helwan Furniture Factory and Helwan Factory for Diesel Engines and Helwan Factory for Non-Ferrous Industries. In the chemical industry, NOMP owns the factories Abu Zaabal Qaha and Heliopolis. In electronic industries, NOMP owns Banha Factory for Electronic Industries. It also owns shares in other companies such as

Tharwa Petroleum Co. and International Pipe Industry Co. (IPIP), the largest producer of oil and gas pipelines in the region, as well as the International Company for Computer Industry.

5- Ministry of Military Production

The Ministry of Military Production is the ministry responsible for the management, development and operation of military factories, currently headed by Major-General Mohammed Said al-Assar, a member of the SCAF, on the summon list. However, most of the military factories belonging to the Ministry of Military Production have significantly turned to civil manufacturing, the last of which was playground turf through the turf factory, which has dominated production of turf in Egypt.

Conclusion:

"We have reached a point where they (the military) are competing even with street vendors," a politician has recently said, describing the military's dominance of the economic sector.

It is well-established that any economic action carried out by the army is entirely linked to the doctrine and methodology of the army. Accordingly, if the army abandons its role and changes its national doctrine, a major shift occurs in all its activities. It is also known that all the economic institutions that the army is currently operating had been aimed at the manufacture of weapons to help the army to undertake its duty. Even after the Camp David Accords, these institutions worked to meet the army's logistical needs, but after July 2013, the doctrine and methodology of the Egyptian army changed in the basic, environmental and organizational levels. The strategic enemy for the army and the Egyptian state has changed from the Zionist entity to what the regime calls "terrorism and political Islam"; and accordingly, the Egyptian army forces have been deployed in central and western Egypt, not on its eastern border.

The military manufacture has become unnecessary for the current military regime, while control of economic life has become its main priority. The shift of the Egyptian army from being a major player to a dominant actor in Egyptian economy means that it is moving towards achieving full control of all economic aspects in the country. Foreign investors and Egyptian businessmen, even supporters of the policies of the current regime, who believe that their economic activities are immune from the military's control over all economic aspects are delusional, and that the military's domination of the economic sector will harm everyone.