

[Arab coalition destroys 3 boats, 2 drones at sites used to prepare Houthi attacks](#)

Wed, 2021-10-06 19:12

RIYADH: The Arab coalition said on Wednesday that it had destroyed three booby-trapped boats during an operation targeting a site in Hodeidah governorate.

The coalition said that the boats had been prepared to carry out imminent attacks and that the site was being used to assemble and arm boats.

Later on Wednesday, the coalition said it had destroyed a site in Al-Jawf, northern Yemen used by the Houthis to arm and launch drones.

It added that it had destroyed two drones that were being prepared to carry out an imminent hostile act towards Saudi Arabia.

“Our efforts have contributed to protecting shipping lanes in the Bab Al-Mandab strait and the southern Red Sea,” the coalition said about the first operation.



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Houthis under fire for killing displaced civilians in Marib
Houthis under fire for killing displaced civilians in Marib

[As Lebanese got poorer, politicians stowed wealth abroad](#)

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BEIRUT: A trove of leaked documents confirmed that for years, Lebanon's politicians and bankers have stowed wealth in offshore tax havens and used it to buy expensive properties.

A galling revelation for masses of newly impoverished Lebanese, caught in one of the world's worst economic meltdowns in decades.

Some of the newly outed holders of offshore accounts belong to the same ruling elite that is being blamed for the collapse and for derailing the lives of ordinary Lebanese who have lost access to savings and now struggle to get fuel, electricity and medicine.

Bold-faced names in the leaked documents include the longtime central bank governor, a pivotal figure in the failed policies that helped trigger the financial crisis, as well as Prime Minister Najib Mikati and his predecessor. The documents, named the "Pandora Papers," were examined by the International Consortium of Investigative Journalists, with the first findings released on Sunday. The ICIJ report exposes the offshore secrets of wealthy elites from more than 200 countries and territories.

It was based on a review of nearly 11.9 million records obtained from 14 firms that provide services in setting up offshore firms and shell companies. Clients of such firms are often trying to hide their wealth and financial activities.

Setting up an offshore company is not illegal, but reinforces the perception that the wealthy and powerful play by different rules – a particularly upsetting notion for many Lebanese.

The papers show how members of the political class were sending wealth abroad for years, even as they urged people to deposit money in Lebanon's banks, assuring them that it was safe, said Alia Ibrahim, a Lebanese journalist. "We are not talking about regular citizens," said Ibrahim, a co-founder of Daraj, a Beirut-based independent digital media platform, and one of scores of journalists across the world who worked with ICIJ on the investigation

into the documents.

"These are politicians who served in public office for years, and they are partly responsible for the current crisis Lebanon is going through," she said.

Lebanon is in the midst of what the World Bank says is one of the world's worst economic meltdowns in the past 150 years. More than 70 percent of the population has been thrown into poverty, their savings nearly wiped out in the crisis that began in late 2019 and was in part caused by decades of corruption and mismanagement by the political class.

Hundreds of thousands of people staged nationwide protests against corruption starting in late 2019. Yet two years later the same politicians still run the country in the same way, protected by the sectarian-based system.

One of the protesters, Samir Skaff, said that the Lebanese are not surprised to be told that the political class "is made up of a bunch of thieves."

"We have been saying that for years," he said.

Offshore companies, though not illegal, can be used to elude taxes or hide illicitly gained money. The leaks only add further confirmation to what Lebanese have long said about their ruling class – though repeated reports of graft or illicit activity in the past have failed to bring change.

One of the 14 firms listed by ICIJ as providing offshore services is Trident Trust, with 346 Lebanese clients making up the largest group, more than double the second-place country, Britain.

One focus of the revelations is Riad Salameh, who has been Lebanon's central bank governor for nearly 30 years.

Daraj reported that the documents showed Salameh founded a company called AMANIOR, based in the British Virgin Islands, in 2007. He is listed as its full owner and sole director, which Daraj said appeared to violate Lebanese laws forbidding the central bank governor from activity in any enterprise. Salameh's office told The Associated Press that the central bank governor has no comment on the documents. ICIJ quoted him as saying that he declares his assets and has complied with reporting obligations under Lebanese law.

Salameh, 70, is being investigated in Switzerland and France for potential money laundering and embezzlement. Local media reported over the past months that Salameh and his brother as well as one of his aides have been involved in illegal businesses, including money transfers abroad despite the capital controls imposed at home. Salameh had denied making such transfers.

Other documents showed that Marwan Kheireddine, chairman of Lebanon's Al-Mawarid Bank, was involved in setting up a flurry of offshore businesses in the months just before the economic crisis hit in late 2019. In November that year, his bank and others began imposing capital controls that meant Lebanese could pull very little money out of their accounts even as the currency crashed, wrecking their savings' value.

The Pandora Papers reveal that in 2019, Kheireddine received control of an offshore firm in the British Virgin Islands, which he then used to buy a \$2 million yacht.

In January 2019, he and his brother set up four firms in Britain on the same day, all based at the same London address, and all registered as "small companies," which Daraj said meant they are exempt from auditing. In 2020, Kheireddine bought a \$9.9 million New York penthouse sold by American actress Jennifer Lawrence, Lebanese media reported at the time.

Kheireddine is a former Cabinet minister and a senior member of the Lebanese

Democratic Party. He did not respond to calls and a text message by the AP. Prime Minister Mikati, a businessman who formed a new government last month, has owned a Panama-based offshore company since the 1990s. He used it in 2008 to buy property in Monaco worth more than \$10 million, Daraj reported from the documents.

The leaked documents also show that his son Maher was a director of at least two British Virgin Islands-based companies, which his father's Monaco-based company, M1 Group, used to obtain an office in central London.

Mikati released a statement saying his family fortune was amassed prior to his involvement in politics and was "compliant with global standards" and regularly scrutinized by auditors. Contacted by the AP, Mikati's media adviser Fares Gemayel said he had no comment.

Speaking to Daraj, Maher Mikati said it was common for people in Lebanon to use offshore companies "due to the easy process of incorporation" and denied the purpose was to evade taxes.

Mikati's predecessor as prime minister, Hassan Diab, was a co-owner of a shell company in the British Virgin Islands, Daraj reported.

Diab's office said in a statement Monday that he helped establish the company in 2015, but it did not do any business and he resigned from the firm and gave up his shares in 2019.

"Is the setting up of a company against the law?" the statement said.

Diab's government resigned days after a massive Aug. 4, 2020, blast in Beirut that killed and injured hundreds and destroyed the city's port and nearby neighborhoods. Diab was charged with intentional killings and negligence in the case. He denies any wrongdoing but has refused to be questioned by the judge leading the investigation.



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[Riad Salameh](#)

[a pivotal figure in the failed policies that helped trigger the financial crisis](#)

[Prime Minister Najib Mikati](#)

[Lebanon](#)

Lebanon's telecom, internet sector could collapse within days
Lebanon's former PM Diab says he gave up shares in company mentioned in 'Pandora Papers'

[How Anwar Sadat's Open Door policy integrated Egypt with developed market economies](#)

Tue, 2021-10-05 22:23

LONDON: In the winter of 1973, Anwar Sadat was enjoying his time in the sun. He was "batal Al-ubur" – the "Hero of the Crossing." The 1973 war against Israel was a huge propaganda success, never mind that the reality was very different from how the Egyptian media portrayed it.

After years of planning, the Egyptian army had successfully crossed the Suez Canal, catching the Israeli army unawares. National pride had been restored and the Egyptian public had bestowed a new title on Sadat.

But at home, Sadat's problem was the state of the economy. The expectations of the Egyptian public were high following the military victory; confrontation with Israel could no longer be used as an excuse for every privation they suffered.

Defeat in the 1967 war six years previously had near-bankrupted Egypt and seriously harmed industry. Both inflation and foreign debt were high.

Over the course of his 14 years in power, Sadat's predecessor Gamal Abdul Nasser had courted and won the support of the Soviet Union.

Together, Nasser and the Russians had built the second Aswan dam, a project designed to launch Egypt on the twin tracks of industrial and agricultural development.

The ambitions had not been fully realized. The early years of the dam project were hit with teething problems. Land downstream from the dam was affected by increased salinity and waterlogging.



Defeat in the 1967 war six years previously had near-bankrupted Egypt and seriously harmed industry. Both inflation and foreign debt were high.
(AFP/File Photo)

As Sadat took power following Nasser's death in 1970, the economy was still run according to the dictates of central planners.

Prices for essential commodities were controlled and investment in projects was centrally dictated leading to widespread shortages and wastage.

Egypt's youthful population stood at 34.5 million, with rates of growth in the order of 2.5 percent.

The economy was hampered by low levels of productivity, an absence of relevant education and a consequent lack of skilled workers. Farmers were told what to plant. In today's terminology, price indicators were not effective.

Other problems persisted. One of Nasser's legacies was the creation of a huge public sector and an overregulated state economy, emulating the Soviet Union.

He had opened up higher education to all and guaranteed a job to every graduate with little heed paid to quality or relevance of training.

College graduates flocked into ministries, municipalities and into state-controlled companies where security of tenure was guaranteed. The result was low levels of productivity coupled with a tendency to obstruct innovation and entrepreneurship.

Nasser had also orchestrated the emigration of large communities of Italian and Greek craftsmen, artisans and small-scale businessmen, the so-called mutamasriyun.

While reforms in the 1950s had broken the power of the big landlords, these more minor actors had been alienated by the state seizing their property.

Between 1962 and 1964, for example, all foreign-owned land had been expropriated. The Jewish community had also all but fled the country in the 1950s.

INNUMBERS

*** \$3bn – Excess of Egyptian food imports over exports in 1981.**

*** 90% – Foreign capital's share of financing of public projects.**

The result of the exodus was a collapse in municipal and other services and an absence of skilled workers in the public sector and in utilities like electricity supply.

Sadat had never been afraid of a challenge and was fond of the dramatic gesture. He had worked as a spy for the Germans in the Second World War against the British and then served as Nasser's deputy. He moved decisively to break with his predecessor by reopening Egypt up to foreign investment.

This was the infitah – or opening – also known as the Open Door Economic Policy. It was a collection of liberalization measures linked to a degree of political easing.

The policy involved a rejection of the close ties with the Soviet Union, building closer relations with the US and Arab Gulf states, and the distancing of the military from the economy.

Following Nasser's death, Sadat had prefigured the reforms with a Plan for National Action in 1971 and, in 1972, had expelled thousands of Soviet military advisers.

In 1974, he promulgated a new investment regulation titled Law 43. Tariffs were lowered and foreign banks were encouraged to return to the country. Sadat reversed some of the confiscations of private property.

The new law's main aim was to attract Arab and foreign investment capital. To that end, it created a new organization, the General Authority for Investment and Free Zones, under the auspices of the Ministry of Economy.

According to "The Experience of Foreign Investment Under Infitah," by Hadi Salehi Esfahani, the law provided incentives and included a promise to refrain from nationalization and the confiscation of invested capital except by judicial procedures. It exempted investors from a number of labor

regulations; it gave a five- to eight-year exemption from taxes on profits; allowed for a deferment on the payments of customs duties, and gave permission to import without a license.



In the winter of 1973, Anwar Sadat was enjoying his time in the sun. He was “batal Al-ubur” – the “Hero of the Crossing.” (Supplied)

The results were patchy but the trajectory for the Egyptian economy was upward. According to “Egypt’s Development In the 1970s,” by Henry Bruton, private investment under Law 43 was slow at the start, and did not reach 100 million Egyptian pounds (\$6.6 million) until 1979. Investment was heavily concentrated in sectors such as banks, consulting offices, fast-food shops and construction.

However, GDP growth rates rose to 8 to 10 percent per annum through the 1970s and the balance of payments moved favorably. Yields of cotton and rice increased significantly.

Toward the end of the decade, Egypt was massively helped by a relatively sudden infusion of foreign exchange as large deposits of oil and gas came on stream and were monetized.

The economy was also supported by increased aid money from the US, Suez Canal revenues and the beginning of Egypt’s tourism industry. The canal had been closed in 1967 but Sadat reopened it in 1975. Revenues from ships passing through the canal began to flow to the Egyptian state.

The Gulf states also opened to Egyptian labor as their oil and gas reserves flowed. This proved to be something of a double-edged sword for Sadat.

Many skilled and educated Egyptians chose to migrate, to take advantage of the higher wages on offer in the Gulf states and elsewhere. On the brighter side, the workers began to send back remittances – as they do to this day.

Remittances grew from nothing in 1971 to over \$2.2 billion in 1979, according to official numbers, but were probably higher if informal transfers are included.



When Sadat took power following Nasser's death, the economy was still run according to the dictates of central planners – prices and investments were strictly controlled. (Supplied)

The combination of workers' remittances, oil and gas revenues, earnings from the Suez Canal, and tourism receipts propelled foreign exchange reserves to \$2.5 billion in 1980 from less than \$0.5 billion in 1972.

But the budget deficit swelled, inflation spiked, imports rose dramatically and income disparities grew. Defense spending remained a heavy burden.

In 1977, the Central Bank started printing 20-pound notes. In 1979, the pound was devalued and subsequently lost almost half its value, for the first time

falling below parity with the pound sterling.

Moreover, the World Bank and International Monetary Fund were prescribing an end to subsidies on basic foodstuffs which was a major cause of the persistent budget deficits.

In 1977, Sadat announced price hikes for flour, rice and cooking oil at the behest of the World Bank. This provoked massive riots by poor Egyptians.

Most major Egyptian towns and cities were hit by violence. More than 70 people died. The fear of provoking similar levels of rioting has gripped the Egyptian ruling classes ever since.



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When Sadat went to IsraelWidow of former Egyptian President Anwar Sadat dies in Egypt

Biden aide tells Israeli official diplomacy best way to keep Iran from getting nuclear bomb

Tue, 2021-10-05 22:26

WASHINGTON D.C.: White House national security adviser Jake Sullivan told his Israeli counterpart Eyal Hulata on Tuesday that President Joe Biden's administration believes diplomacy is the best way to make sure Iran never gets a nuclear weapon, the White House said.

Sullivan also noted at the White House meeting that Biden "has made clear that if diplomacy fails, the United States is prepared to turn to other options," the White House said.

Hulata is on a visit to Washington, which US officials said will allow the two allies to share intelligence and develop a "baseline assessment" of how far Tehran's nuclear program has advanced.

Asked what actions were under consideration and whether that included military options, a US official said "we'll be prepared to take measures that are necessary" but did not elaborate.

The official said that Iran was "sending indications to a number of parties that they are preparing to come back to Vienna," where the US and Iran held indirect talks earlier this year that stalled.



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US says will pursue 'other avenues' if Iran diplomacy fails
Israel accuses Iran of Cyprus attack plot after suspect arrested

Libya legislative vote rescheduled for January: parliament

Tue, 2021-10-05 21:25

Libya's legislative elections have been postponed until January, the country's eastern-based parliament said on Tuesday, instead of being held on December 24 as planned.

"The election for members of the House of Representatives will take place 30 days after the presidential vote," still scheduled for December 24, parliamentary spokesman Abdullah Bliheg told a press conference.



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Damning UN report lists 5 years of crimes against humanity in Libya
Libya's fate in the balance as UN-led peace efforts sputter