

LESSONS LEARNED FROM THE EXPERIENCES OF PRIVATIZATION IN SOME COUNTRIES WITH DIFFERENT ECONOMIES (SPECIAL REFERENCE TO THE EXPERIENCE OF PRIVATIZATION IN EGYPT)

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ABSTRACT

From all the accumulated experience of privatization, new results have been added to the outcome of international experiences in this area, as these experiences are worthy of study so as to avoid the negative aspects and follow the positive aspects in the implementation of future privatization projects, but the majority of findings suggest the importance of taking the circumstances and the local variables of economic, social, political and legal into account when preparing the strategies of privatization and their implementations, as there are inferred global indications which show that the experiences of privatization cannot transfer its entirety from one country to another, and this paper focused on a number of international experiences in the privatization program for the countries that differ in its economic, and vary in the variables of political and social REO, in the periods of the privatization program, with particular reference to the Egyptian experience.

Keywords: *Experiences of privatization, countries with different economies, experience of privatization in Egypt.*

1. INTRODUCTION

There have been many terms in recent times to express the process of converting some production units (at the national level), the scope of the public sector to the scope of the private sector, notably the privatization and expropriation and other public. But it is more common in these terms of use is privatization, a term used in this study, and has appeared numerous definitions of privatization, some say that it's as a transfer of ownership of the project from the public sector to the private sector. In another definition refers to privatization "convert public property to the private sector, the management or rent, or share or buying and selling in what follows the State, in the various sectors of economic activity or area of public services." In the last definition is seen "as a process of transfer of ownership and operational management of the state-owned enterprises to the private sector, either in part or in full, and the private sector can be either institutions or businessmen or foreign companies." In another definition refers to privatization "transfer of ownership of public facilities to other parties that you manage, in accordance with the principles of the private business sector, indicates that the definition of three to privatization is to increase the efficiency of the management and operation of public projects by relying on market mechanisms and arrangements to get rid of bureaucracy.

Experience of privatization in Britain:

Characterized by the British experience in successful privatization, since it began with the Conservative government led by Margaret Thatcher, that the reasons for success had gathered, namely, at the first beginnings in this area, so are actually the pilot experiences in terms of the configuration of legislative, political and economic relations with the reforms in the market securities and tax structure, then the inclusion of privatization of all sectors of national economy of goods and services, which focus on the promotional efforts:

- Use of media campaigns and advertising-intensive sectors, each addressed to the target market (people - investors - employees - managers - official bodies - political leaders and society); in order to convince them and encourage them to the feasibility of privatization.
- Take-out in the method of privatization, in order to give opportunity to the efforts of public relations, publishing, media and personal selling, advertising and publicity Impact to occur.
- Focus on the quality of the product in the issues of privatization, since the focus is on winning institutions in each sector, to be converted typically, to be an example to the rest of similar institutions.
- Focus on the attraction and strategic partnership for investors and citizens, managers and employees, and founders of companies, to expand the ownership base, as follows:
 1. Encourage the State of the founders in the first place to buy a share of the state of the stock or part of it.
 2. Encourage managers and employees by giving them priority in buying shares, or give them shares compared to their share in the profits or reducing their eighth stock, or give them an incentive to buy, or give talented

employees free shares for being with primary responsibility for the continuation of their giving to the company, develop and duplicate (giving clear advantages for employees).

3. Encourage investors to buy shares by giving them full information and truthful shows in the trend of the real opportunities for profitability in the companies offered for sale.
4. Reduce the value of the shares or installment price or to give priority to requests from small contribution.
 - Restrictions on foreign investors in the privatization process, by demanding enrollment in the register of foreign shareholders in the State, and not to increase the share of foreign investors for 15% of the total shares of the company, with no foreign participation in the Board of Directors.
 - Keep the government paced specially called golden share in the privatized company, which is entitled to attend the General Assembly, voting, and the appointment of a representative of business in the Governing Council, and also have the right to object in cases of emergency on some decisions, and this gives a reliable picture of the citizen because the companies privatized operating state in order to monitor the public interest, without prejudice to the rights of deliberate investors and shareholders.
 - Change managers in the public institutions in the state, opponents of the privatization or either transfer them to alternative employment in the privatized institutions or to resolve these institutions, they lose their jobs.
 - Supervised by the Minister of Finance on all privatization processes in collaboration with relevant ministries, devise and approve guidelines for privatization, and the details of the technical operations, leaving the work of specialists from banks and financial intermediaries, lawyers and accounting firms, which widens the circle of strategic partnership in the privatization.
 - Political support for the ruling party and the government and ministries of privatization reflect the strength of the supportive influence of the direction of privatization.
 - The government to take two ways to adjust the selling prices of the companies offered for privatization, either upon the decision directly from them or based on history, and in both cases proceed the decision price, evaluate the Office of Accounting, specializes in conjunction with the World Bank in charge of the Ministry of Finance and then end up to adjust the price taken in by the operations privatization to direct certain types of investors, or taken by a minimum in the bidding processes used by the government.
 - Great care by the responsible authorities to be completed privatization credibility and transparency as well as support from all parties concerned, and will support assessment of the responsible authorities of the reality of the shift of privatization on all parties concerned, and then the amendment of various measures fiscal and financial, including so as to ensure the continued support of these parties to the privatization process.
 - The focus is on efforts promotional integration between them and the efforts marketing as a whole, as well as revenue and gains for all parties as a result of privatization, are highlighting the media and advertising and propaganda of the outputs positive for privatization to stimulate the human element in projects privatized through increased revenues, as well as positive results on the marked increase in the level of stock prices, and increase the activity of the financial market, as well as the steady increase in the levels of development and the advancement and improvement in the productivity of the privatized companies as well as highlighting the improvement in social and political outcomes.

Experience of privatization in Malaysia:

The population of Malaysia is about 20 million people, among which the indigenous population (Malay) about 58%, the Chinese 32%, and the remaining is Indian origin, representing an ethnic composition. This can be a major obstacle because of different standards of living between the layers, with the majority of the poor of Malay workers in the agriculture sector, and concentrated, ethnic Chinese in the cities who control the national economy.

The number of state companies amount to 900 companies, contribute to the GDP by about 48% and the Malaysian economy depends on the export of major products, which are rubber and tin. There have been fluctuations in prices, markets and economic recession in 1985, for these commodities are so negative, where the rate of economic growth in that year compared to a growth rate of 6.3% in 1983, 7.3% in 1980, due to the increasing need to build and modernize infrastructure and expand the industrial base. The State adopted the strategy of privatization, where the number of enterprises privatized 110 projects, of which 25 projects were totally new in the period from 1983 to 1994, inclusive of Malaysian Airlines, telecommunications, electricity, transport, mail and transportation, sanitation, have been characterized by promotional efforts including the following:

- The state is working to expand the participation of Malay citizens (who are less wealthy), to own companies at the expense of Chinese and foreign investors, with a degree of balance, to distribute wealth fairly, to ensure participation in the trend towards privatization.
- State control of the privatization program through the regulatory framework is implemented and attached to each organizational unit of the Ministry to monitor the progress of work in commercial activities and

facilities that have been privatized and, in particular in terms of quality of service and appropriate prices through two methods are:

1. Issuance of licenses for a specific time for the General Services Administration and after, the end of these licenses were adjusted according to the conditions of the variables developed, to increase the scope of competition, and review of the price mechanism.
 2. Concession contracts for the management of public utilities, including the conditions to change some terms of the contract as the State deems necessary.
- Although most of the legislation in Malaysia does not impede the trend of privatization but it has modified some articles of the Constitution and laws to overcome the specific obstacles to the implementation of privatization programs such as, the charter's provisions for expropriation, and pension law, the laws of government facilities (Communication - ports - electricity - and others).
 - The planning and implementation of privatization projects, "Economic Planning Unit," of the Council of Ministers, made proposals, including the Prime Minister, and after approval of the Council of Ministers, submitted to the parliament and the Senate for approval; so as to provide political support for the privatization program, along with the power of legislation and media attraction is the coordination between the Ministries and local government across the specialized committees of privatization on the level of each ministry and all the local government, and the source of all the proposals, whether from a citizen or a private investor or anyone, to be accompanied by a feasibility study in accordance with standard forms already prepared in the Economic Planning Unit.
 - The cases of workers do not represent a big problem in Malaysia, salaries of workers in the private sector is higher than the salaries of employees in the public sector, making the turnout, to work in the private sector is more attractive, after the government committed private sector companies employing labor force transmitted to it for a period not less than five years with no dismissal except for reasons of legal disciplinary, with no reduction of their salaries as employees in the previous state.
 - Government granted workers in the privatized companies the opportunity to allocate 5% of the capital of the company to subscribe to workers on concessional terms, and enable them to purchase a certain percentage of the equity at par after three years of work in the company, as the government seeks to provide other benefits to encourage workers to raise their performance.
 - Malaysia's privatization focused on the development of the industrial sector to meet local needs and focus on exports and diversification of exports, with the modernization of the infrastructure with attracting foreign capital and new technological approaches in light of the political stability of the country.
 - The State Strategic Plan at the national level for long periods of time, began during the privatization of its plan known as the (New Economic Policy), followed by later development plan known (2020 Strategic Plan) in order to join in the classification of industrial countries by the year 2020, double the average per capita income to four times, and so is moving in the field of privatization through the mobilization of all national efforts to achieve development in the economies of the nation, and to increase the average per capita income by the Strategic Information, and political support and focus on personal contacts to promote long-term programs.

Experience of privatization in Mexico:

The Mexican economy faced huge economic catastrophe by the year 1982, in the period from 1971 to 1982, state debt increased by 26 % per year. In the last year the debt increased by 57%, and currency exchange rate collapsed, thus the economic situation worsened, until it reached the rate of inflation in 1987, about 159.2 %. The government, in 1988 decided to introduce radical economic reforms and economic interdependence held by the National Convention, all parties to the political, economic and labor to discuss alternatives to the comprehensive economic reform and to agree on principles and rules to be followed in this regard.

The beginning of the initiation and direction of privatization started at the beginning of the eighties, and was characterized by slow, not accelerated until the second half of the eighties, and the main goals at that time were the rationalization of government spending, managing repayment of government debt, attracting foreign investment, strengthening infrastructure and increasing economic efficiency.

Whereas efforts were characterized by the privatization program in Mexico as a result of the urgent need of funds, including the following:

- Isolate the considerations and social variables completely influence the paths of privatization.
- Transparency and openness in the proceedings, and selling clean, and sales to higher prices.
- Allowing the foreign investor ownership rates for up to 100 % of the capital, according to the nature of the sector, except for strategic sectors such as (bourse, radio and television, natural gas, and deforestation), and

in any case, the voting power of the foreigners do not exceed 49 % regardless of the percentage of ownership.

- Privatization methods were limited only to the direct sales method of public auction, the concession contracts for new projects, and the method of IPO, a few of the relatively high costs, slow in its procedures.
- 950 exhibitors were privatized government out of 1,115 Companies during the twelve years only, including commodity and multiple service sectors.
- Legislation has been initialized with the laws and rules relating to the protection, control and coping with economic competition and market forces and variables influencing it, and keeping pace with technological developments through the Council's economic competition.
- The focus was on the protection of consumer interests in light of awareness, and informing him of all the information that affected behaviors.
- Developed and implemented a policy to reduce the negative behaviors of companies, with respect to the monopolistic behavior of some, or to force the consumer to any specific action or refused to serve the consumer.
- Resorted the State in implementing the privatization program, not to load the burden of the private sector redundant workforce, and termination of employment with the tolerance to the effects of the financial situation and in accordance with the law.
- The state is to provide political support for the strict privatization program by not giving the opportunity for political opposition to abuse power in hindering privatization.
- The Office of the privatization of the Ministry of Finance - centralized - the preparation of the executive steps of the privatization and initial feasibility study, and may be help centers, financial advisory and ministries concerned, and then submit the Minister of Finance of the preliminary study of the Council of Ministers to be adopted by the Council of Ministers and the Parliament, then the work of detailed studies before approval shall be in each proposal in order to preserve the secret always under secret surveillance.
- The focus was on the pricing of services to reflect the true cost of production, and in order not to mix the privatization program of inflating prices or monopoly or exploitation of the consumer.
- Direct government support has been removed and differential support is to remove price distortions.
- The State has been keen to start the privatization of small enterprises to gain experience and then move to major projects.
- The state has avoided making any structural reforms of the sectors and the companies offered for privatization to save money, accelerate the privatization procedures.
- Was hired in global financial markets for the privatization of major projects, which cannot absorb the local private sector.

Experience of privatization in New Zealand:

New Zealand has a population of 3.5 million people, and the New Zealand economy has recovered since the aftermath of World War II as a result of the growth of exports of agriculture and animal husbandry in the light of political stability, and during the seventies the economic situation has worsened as a result of strong international competition in the markets of agricultural products and livestock.

New Zealand began a radical economic reform, liberalization of all sectors of the economy and the removal of restrictions on foreign investment, which led to see that both the industry and services sector growing rapidly along with important sectors of the agricultural and animal wealth.

The efforts were integrated with promotional marketing efforts for the privatization program, according to the following:

- In New Zealand, the work of creating a comprehensive privatization program as part of an integrated economy and, in particular to lift protection tax, the liberalization of the banking sector, create market and the laws to stimulate competition, restructuring of public institutions, then transfer ownership and management of the private sector.
- Governmental activities have been transferred to a commercial nature Trading Activities in the departments of state to the state-owned companies as a transitional phase in preparation for sale to the private sector, and this method is called Corporatization, in order:
 1. Improvement and development of the financial performance of the activity.
 2. Open competition and create a regulatory framework.
 3. Address the issues of surplus manpower.
 4. Increase government support.
 5. To maximize the value of the sale to the private sector.

- Members of the boards of state companies with successful experience in business management method were employed according to the private sector contract and renewed every two year after the calendar-neutral process of their accomplishments.
- Granting boards of state companies, and general managers, all the powers of art to become more efficient.
- Give companies broad authority to manage them on a commercial basis, to operate free from political influences and social development.
- New Zealand adopts the method of selling your Private Sale, to sell percentages of ownership of the investors from the private sector bid, along with some other sales methods Cllactab year.
- The state owns golden share in privatized companies for the control of some strategic issues, such as to require the government to the foreign partner put half his shares for sale to the citizens, in the stock market after three years from the date of purchase, after investigating the foreign partner's profitable, after adding it to significant improvements in the performance of the company.
- New Zealand has developed a method to control the private sector companies, so that they do not intervene in state matters, only in necessary cases.
- Established the New Zealand Council of Trade Control of the Ministry of Commerce for the purpose of protecting the interests of the consumer, when he complains of low or high quality is not justified in the price and other issues.
- The State of the workforce in excess of the need for companies transferred to the private sector, financial compensation, sometimes up to a three year salary, linked to a number of years of service, during the first six months of termination of employment to help them search for jobs in the private sector, after the expiration of this period about \$ 500 per month was spend to secure basic needs and assisting them in the management of state jobs in the private sector.
- Take into account the state of non-discrimination between companies and government privatized businesses, both administered in a manner of corporate private business, not to grant any monopoly rights.
- State shall terminate all financial obligations prior to the sale or transfer of corporate Government departments to companies, which is known as "clean selling".
- Oversees the management of privatization processes, and organizational unit belonging to the Minister of Finance, where the proposed unit conversion activity of government is to state-owned company, after a preliminary study, presented the study to the Council of Ministers, Parliament, and after its adoption, it is converted to the competent minister corporate government Minister of State Owned Enterprises where the procedures required to establish and appoint members of the Board of Directors based on purely technical considerations.
- Negotiates and Minister of state companies (the buyer) with the Finance Minister (or the seller) on the valuation of assets and workforce, and how to pay the price and terms of conversion, and then after that company is subjected to the control of the Minister of state companies.
- Include privatization efforts in the New Zealand economy, commodity and many service sectors, but it was not a priority of privatization in New Zealand to expand the ownership base.

Privatization in France:

The idea of privatization was popular and widely accepted among the French leadership community, since Francois Mitterrand's government. Based on the results of the experience of privatization in Britain, began the experience of privatization in France 1986. The privatization of Renault for the automotive industry has been the goals and methods used to implement the privatization program in France, similar to a large extent the goals and methods used in the privatization program, the British government (which began in 1979, the Conservative government led by Margaret Thatcher). The promotional efforts and integrations with marketing efforts are as follows:

- The French government to create the investment climate, development of French capital markets and give increasing attention to the expansion based on ownership.
- The government has encouraged small investor citizens, giving them priority in the purchase and offers of shares, and to give more attention to workers in firms covered by the privatization program, giving them the right of subscription in the range of 10% of the shares of their facilities, ana discount in the share value by 5. And the discount rate rose to 20% if the stock were kept for two years, as staff were allowed to the value of shares installments over three years, did not allow the contribution per capita, including more than 5% of the share capital established to ensure that the concentration of ownership in a few owners.
- State retained the same golden arrow in some installations.
- Development of laws to attract foreign investment, with controls for the contribution of foreign investors, so as not to result in harm to the economy.

- Massive media campaigns to encourage citizens to buy shares, especially shares of companies in which they work.
- Centered methods used for sale in the privatization program in France:
 - 1 - IPO by selling: The Minister of Economy and Finance and the allocation price of the stock based on the recommendation of the Privatization Commission, and is declared to buyers, without announcing how they were reached, and all operations are centralized by a neutral body in a room brokers stock market, and then announced to the broad audience the number of shares offered for sale, and after the closure of the IPO, the process of the allocation of shares, and if the purchase orders, be drawn by lots, or reduce the nominal value of shares, in order to increase the number of shares offered for sale.
 - 2 - IPO by swap shares and investment certificates of participation are private equity companies transferred to the private sector, which was nationalized in the past.
 - 3 - Increasing the capital, when the State is a shareholder in the company, do not exercise their right to subscribe to more shares, but leaves the opportunity for savings to meet the needs of public funding.
 - 4 - To hold a special sale by auction, taking into account the evaluation of professional and financial capacity of prospective buyers as a basis for preference as well as the possibilities for marketing them.
 - 5 - Purchases by employees, have granted a free share for every ten shares, with the imposition of the acquisition of the shares for a year or given priority or installments.
- Media started the privatization program after the selection of companies by candidates for conversion, and selection of methods appropriate for funding, which started by the Minister of Economy, Finance and customization. They made a declaration at the start of the conversion process, and appeared on television, spoke on the radio and held press conferences in order to expand the scope of acceptance year, at the same time exposure of investment banks (those who work as investment bankers for the converted company), auditors (those who work as consultant conversions process), receiving investor bids for purchase on official documents and the Bureau shall review the company's accounts that were transferred in the previous three years, which amounted to the audit fee by 15 % of the value paid by the Company transferred fees to external audit.
- The company selected the converted company propaganda to start a draft campaign.
- Auditor provided estimates to five users, who were:
- The Minister of Economy and Finance and Privatization, and the client who commissioned the work, the auditor, the investment banker (Pennekar investment), the Privatisation Commission, Exchange Commission, the investment banker then presented his report to the Minister and to the Committee on Privatization.
- Committee was established privatization as a strategy government to confirm the objectivity of the evaluation, and the separation between the Minister and investors, buyers in the negotiation processes, and after the establishment of the Privatisation Commission to consult, make a recommendation to the minimum price of sale of shares or assets, does not disclose the minister on how to reach his decision at the final sale.
- Used for the Privatisation Commission and the competent minister, pricing strategy at relatively low to enhance the process of final sale, to gain public confidence in the fairness of the privatization and offer access to the promotional effect caused by the high value of the stock in the market for a specified price.
- The Ministry shall determine stock prices and selection of the hard core of shareholders, and announced details of the IPO, as the investment banker to send information via telex to agents and to other banks around the world, it also spread propaganda in the media, advertising nationally and internationally and among investors.
- After completion of the IPO, the competent Minister announces the results and the authorities of the Stock Exchange publish and issue price charts of the first official market and inform a bank or investment banks, the number of shares allocated, and registering the names of shareholders, and after two weeks (and after about four or five months from the date of the first announcement) the transfer of ownership is complete.

Experience of privatization in Brazil:

Brazil began the implementation of a comprehensive program of economic and structural reform and formed the plans relating to privatization, since the mid-off 1994, in order to stimulate investment in targeted industries, and programs of various incentives to encourage exports and the promotional efforts and the associated efforts of marketing are as follows:

- The Brazilian government is to create the investment climate to stimulate production and exports, attracting foreign investment, but there are restrictions on foreign investment in certain strategic sectors (such as oil, strategic industries and public utilities), along with the need to register the goods and investment, even if

intangible commercial National Institute of Industrial Property in Brazil. In addition, the collection of taxes are relatively high, without any exemptions for the foreign investor, for the investor more than the national tax legislation, although amended in economic reform, but according to the type of industry.

- The Brazilian government is to strengthen the free zone advantages, incentives and tax breaks to encourage exports, and create industrial zones and export to fully develop the infrastructure.
- Government attaches importance to developing the skills of Brazilian workers, government also provides free training programs for workers in the major cities and industrial areas with their emphasis on export-oriented policy after crossing the replacement of imports.
- Do justice to economic measures and policies in a transparent and credible privatization and justice between all parties involved, all described as the best promotional efforts that can be used to privatization issues, which focus on actions more than words, through the use of media and advertising efforts and propaganda.

Privatization in Chile:

Privatization began in Chile between 1975-1984, where the public sector contributes to 40 % Of GDP, but the state has re-nationalized enterprises to their former owners in the private sector, as the liberalization of foreign trade and the removal of restrictions on economic activity, has been content and promotional efforts of the marketing efforts of the privatization program are as follows:

- The Government of Chile used methods, such as auction, bids and conducted direct negotiations, but the method of financial payment of the user is Debt-led Basis, in the sense that he would pay a down payment of the amount agreed upon, and the remainder in the form of a direct loan by the investment bank owned by the state, and a maturity between (8-15) years, at an interest rate between (8-11 %), which led to the formation of financial and industrial conglomerates, the concentration of ownership.
- The latest payment system adopted by the Government of Chile is the negative impact on the value of the sale, which was considered low compared to the difference between the sale proceeds and the carrying amount of units sold, and also led to the weakness of the financial market due to the great pressure that was put to finance the sale of the projects.

In The privatization method in the period (1975-1984) has resulted in the bankruptcy of many enterprises and the liquidation of some of them and the government took control of projects that were managed by banks, as well as filtering and managing some industrial clusters.

The most important reason for failure was that the purchases were financed with borrowed money, and the appetite for projects offered for sale without access to investors and management expertise; while the nature of the activity of the Chilean government focused on selling to increase state revenues and to reduce the budget deficit.

- Proceeded the Government of Chile in the period following the privatization of (1985-1988), as a result of the failure to treat the negatives that have plagued the economy in the past, such as industrial clusters, financial, and concentration of ownership, and the budget deficit due to expansion in loans, directed the government to broaden the ownership based on encouraging staff in public institutions to buy stocks at attractive prices or to provide soft loans to them, as well as diversification of the privatized enterprises.
- Opened the Chilean government doors to small investors, while providing incentives for citizens to return funds smuggled out, and modify the restrictions on foreign exchange, and allow swapping foreign debt, the shares of common domestic and buying foreign debt of the country and converting it into domestic debt, was to resort to the method of selling by auction with a roof of the property, provided the buyer does not exceed the share of 20% of the capital for the project, as well as offering shares for public subscription with a requirement that 50% of the capital for the project was owned by at least one hundred shareholders or more.

Experience of privatization in Egypt:

Began The experience of privatization in Egypt began when the government signed an agreement with the World Bank in May 1991, a corrective structural program of the Egyptian economy, a central part in this patch, but the real start to give the private sector, the importance and influential role, was with the opening of the economy in the era of the late President Sadat in 1975.

The experience of privatization in Egypt has targeted (Procedures Manual for the government's program 1996) the corporate restructuring and increasing the use of available energy, and expanding the ownership base and the opportunity to connect to foreign markets, access to modern technologies, attract capital for investment, stimulate capital markets as well as reduce support government and rid public institutions of the major losses accumulated. The government has issued the Law No. 203 of 1992, explaining the systems and structures under which public companies, office was set up for business, and then formed a committee chaired by the Prime Minister with the

participation of Minister of Public Enterprise and the Office Technical Department, to recognize and monitor the implementation of the privatization program.

The conduct of the privatization program is the responsibility of holding companies - according to the program and approved by the Minister of Public Enterprises - which allowed employing the expertise of financial consulting institutions, both local and foreign.

The effort of the privatization program in Egypt, and related marketing efforts are as follows:

- Implementation of the program heading to the method of privatization IPO in part in the capital of the companies included in the program, often within the limits of 10% of the number of shares, so that there is a fear that the general and complete or a great extent of underwriting can cause an adverse effect leading to lower market value of the shares, and that the issuance of the first part of the IPO by a few offers the opportunity to issue a price less than the real price, leading to profits of capitalism, and the formation of the first positive impression that attracts national investments and investors to participate in the privatization program.
- The Ministry of Public Enterprise resorted to the sale of some of the facilities or part of the way the private placement, for any one investor or group of investors, either by tender or direct negotiations in a way, the following indicators are used as the basis for evaluation and comparison between the deals:
 - 1 Previous experience in the investment and management.
 - 2 Additional investment and financial capacity.
 - 3 The ability to provide new experiences and the use of advanced technologies.
 - 4 Plan to take advantage of available labor and the development of their capabilities and skills.
 - 5 Benefits that will accrue to the community.
 - 6 Foreign exchange to be used in payment.
 - Workers of the privatized companies were offered the opportunity to purchase a share of the equity in the range of 5% of the number of shares, and a 20% discount on the price of. Also selling a stake to employees through their own union (as is a private investment fund to them). The distribution of profits generated by the arrows on the staff members of the Union, and which will disappear when the membership of the union factor withdraws from or termination of service.

It was found that many of the employees were acting on their own shares in the pursuit of capital gains, so it is better to impose upon them keep it for at least one year.

- The methods used in the privatization program in Egypt, to encourage negotiation of leases for the energies available and can be operated by the private sector, as well as management contracts for facilities and assets, as were the liquidations of certain assets utilized in a meaningful way.
- To take some actions and amend certain laws to suit the privatization program, but not to initialize complete legal legislative and sluggish bureaucratic, slow process litigation, with the difficulty of implementing the provisions of the judiciary, investors to be protected along with the capital nature of volatility, which reduces the opportunities of the promotion of privatization.
- Suffering of the privatization program in Egypt from a lack of information, lack of data supporting investors in the decisions they make to participate in the program, and the media and small and very limited advertising efforts for the privatization program, leading to the formation of negative attitudes of citizens towards privatization, and what's going on in the minds of the Egyptian investors, foreign, and all citizens about privatization, it is the black of the removal of subsidies and price increases, and the abandonment of the state social classes is limited and no income.
- Due to the limited training programs and developing the capacity of staff in the projects offered for privatization, and the lack of plans prepared in advance to address the problems of reducing the staff as a result of the privatization program, formed by the workers and leaders in many companies a bleak picture of privatization, which led to the existence of opposition from the managers and workers in these companies to the privatization program, and this opposition is compounded by the lack of awareness programs to the issues of privatization on the level of citizens, investors and companies, political and administrative leaders and employees.
- There is a loss of confidence prior to the investors at home and abroad, because of the actions of nationalization, and the absence of the efforts of media and advertising is sufficient for the privatization program in Egypt, and what was the steps, along with photo black present in the mind from the experience of fund management companies and vice-loans, and some of the officials in former ministries rose in the level of exploitation and functional issues, and used public funds unlawfully.
- Capital market in Egypt suffered from a lack of data and information, and the low level of transparency and credibility in the minds of those dealing in it, along with the relative decline in the numbers and

competencies of experts in capital markets, leading to less shock in the confidence of domestic and overseas investors.

Lessons learned from previous privatization programs in the application of the privatization program on the Egyptian economy

* Each of the British and French experience in the privatization restrictions limited foreign investors, to take care of the National Economic and the public goods, in fact it is regulated, and not an impediment to attracting foreign investment, and that is what has to be given more importance in the Egyptian experience of privatization, to avoid speculative investors foreigners in the capital markets, following the professionalism of this behavior and their quest for quick profits, which may be achieved in the absence of transparency or credibility or accuracy of the information in circulation.

There is no doubt that upon the study and identification of these controls, it is not difficult to attract foreign investment, and to give the opportunity to domestic savings, and to provide a suitable environment to attract the best of the national funds that invest abroad.

* Investors always need to acquire information on companies replacing privatization, and information relating to capital markets as a basis for decision-making, and other requirements necessary to mobilize the efforts of investment, and mostly not sufficient information is available in the Egyptian program of privatization, even among some specialists based on the program.

While successful experiences in the privatization programs were always based on sufficient, truthful and accurate information it is enough to know that the bankruptcy of U.S. giants such as Enron Energy, Inc. and WorldCom, and the deterioration of the value of their shares in the capital market were due to the exposure of deception and fraud which demonstrated the Audit Office in information on each of them.

* Privatization programs are always required to create a fully legal legislative at the state level. The fact that capital is highly volatile, is intuitive clear economic, and what was in the Egyptian economy in this regard is an amendment to some laws and procedures affecting privatization, while still legislation and laws in Egypt, a forest Jungle difficult to deal with them to provide full security to investors, causing them to make investment decisions, millions who are fearful than hiding them in this area, but some of them do not deal - to provide security for investments - but by side roads and irregular methods.

While the configuration of full legal legislative at the state level, investment is economically feasible for the national economy as a whole, which is also a necessary condition, but is not only enough to attract foreign investment and the Egyptian national privatization program, better terms are also needed.

* Can take advantage of Britain's and France's experience to promote the privatization programs, media campaigns, and intensive advertising addressed to all the targeted market segments (people / investors / employees / managers / official bodies / political and social leaders), and is necessary in terms of: the importance of building bridges of confidence, to ward off the black by the events of nationalizations in the past, and to minimize opposition from workers, managers and leaders, the popular and political program of privatization, and the fact that it is necessary to provide transparency and credibility of the program, and the emphasis on economic liberalization and inspire the spirit of competition, and giving an increased role for the private sector in economic development.

* One can benefit from the experiences of England, France, Malaysia and Brazil in the strengthening and development of export industries, the development of related technologies and support to them, as well as technical and professional development in the disciplines of the labor required for export, and is characterized by this higher approach, economic feasibility, openness to global markets and unlock the hidden potential to competition, thus contributing to the rehabilitation of national employment and achieving the expected results thus more of the media and advertising can be used in a way to raise awareness and encouragement to move forward in better promoting the privatization program.

* Requires the Egyptian economy to increase the level of interaction and integration with the global economy, to take advantage of opportunities and possibilities lying in globalization, and to overcome the challenges arising from participation in, and dealing with it, and can be an effective integration with the global economy, if the government continues to provide the following:

* The development of infrastructure services and reduces the cost of use.

* The face of sterile bureaucratic procedures.

* Enter into partnerships and strategic alliances and blocs of Arab economic and international, such as activating the Arab common market, the Arab Free Trade Area and to engage in industrial and technological partnership with the European Union.

* Provide investment environment to be more attractive for national and foreign investments as well as for foreign investment.

- * Enhancing the competitiveness and comparative advantages of the Egyptian national economy as a whole and the private sector in particular.
- * Programs to encourage export of goods and services.
- * Develop the skills and capabilities of management expertise of the chambers of commerce and industry to make them innovative and competitive through the adaptation and development of education systems, and scientific and professional associations.
- * Give special attention to monitoring and improving the quality and standards of measurement comparison of productivity and effectiveness.
- * Care and commitment to global standards of quality such as ISO 9000.
- * Investment in research and development, skills and technical knowledge and work environment, and human resources and modern production techniques.

2. CONCLUSION

From above some important points can be drawn which are the epitome of this paper, these following points are also considered as recommendations in this study:

- * Should not activate the privatization program through economic and political reforms and a comprehensive social vision of a promising strategy. Privatization is not an end in itself, but a means to increase efficiency, activation of incentive systems, reduce the burdens on the state budget, the expansion of ownership, increase the sense of belonging to a homeland and increase national economic growth rates.
- * Of the necessities essential for privatization, are developing the capital market in a developing country, concentrated economic power, and then political power in the hands of a few actors, resulting in a market that is not stable, and small, may be recent, that leads to large fluctuations in stock prices as a result of normal trading, manipulation or deliberate or non-transparent, and it becomes an obstacle to the development of the capital market, which hinders the promotion of the privatization program, and increase efficiency thus, increasing growth rates. The second effect of capital market development is the fact that short-term investment planning is the one which controls the company. This effect is larger if domestic markets are small, to restore the initial cost of investment for long periods beyond the financial viability of investment decisions and impedes the reduction of overall costs, selling prices, the ability to compete in the markets, hinders exports, and in the end evolve it into bankruptcy.
- * Should improve the performance and professional work of managers at the state level, in the private and public companies, based on the Department of manufacturing instead of the traditional management. It is necessary to strengthen the market environment and the organization of companies and management incentives, and this is what enhances the performance of companies, not the property itself. The majority of the concerns of managers of private companies in developing countries is to wage issues, reputation, and survival, and not as it should be to achieve profitability for the shareholders, and then become scared to account for failures or the pressure upon them.
- * It is necessary to strengthen the market to make it viable to compete, and the establishment of market economies as a way out however, to deal in international markets and the international economy, and the entrance to activate efforts to export and comparative advantages in a world dominated by economic blocs and political significance and should be aware that privatization alone does not make a competitive environment, competition does not require that all institutions are owned by the private sector.

The achievement of this step faces three obstacles such as:

First: Most of the economies of developing countries have become accustomed to monopoly, monopolistic competition and oligopoly.

Second, the absence of information on the economic rules on the national level and the ambiguity of the market and the absence of anti-monopoly legislation impede the performance of managers.

Third: that developing countries experiencing a real shortage of skilled manpower, and training institutions, technical and vocational advanced training techniques and modern.

What is needed is to make marketing effort calculated for the privatization program, to all market segments targeted (citizens / investors / employees / managers / official and popular bodies), so that some developing countries-oriented socialism spent a period of time in the nationalizations and the public sectors, and the people trust without the people's experience, making the macroeconomic state heavy burdens and debts and the suffering of the citizens. How can we promote a program of privatization among themselves, in their imagination that the results increase their sufferings, increase support for them, lose some of the workers in the privatized firms and jobs, so it takes effort for deliberate and planned promotions and marketing? The privatization program takes into account the strategic partnership for all parties involved in the program, so do not do harm to one, and even take part in harvest gains, real participation with a focus on counter any potential damage caused to one of the Parties.

* The establishment of councils for advice Deliberation Councils .Councils where the involvement of the private sector, and all parties with the government in economic policy-making as well as to ensure participation of all

parties in return rent without distinction between a party and another, to obtain the advantages of preferential treatment, including to ensure the judiciary to pursue solo to get the benefits of renter certain Rent Seeking Behavior, along with transparency and credibility of the programs, procedures and decisions.

Developed this idea in the experience of Malaysia, when it was in 1991 - establishment of the Malaysian business headed by the Prime Minister and comprises more than sixty members representing industry, labor and government can even take advantage of the views of interested parties on economic policies before making these policies with the study of the steps and the effects of government intervention, locally and abroad.

* The importance of analysis of performance indicators for economic and social policies implemented, and evaluated in the light of its planned objectives, as a basis to study the problems surrounding the management of those policies, without a sufficient analysis of statistics and official reports to identify deficiencies and side effects.

It should identify the causes of origin or the root of the problem or the side effects of the application of policy, including the study of details of the processes, relationships and activities, information and institutional structures and resources available, and customize the actual centers of power and conflict between related parties, interests and trends, motives and the prevailing organizational culture and, in order to determine the appropriate treatment and effective measures to solve the problem or to prevent the side effects before they worsen and accumulate and are difficult to treat.

* The need to intensify information campaigns and advertising, the promotion of the privatization program in Egypt, so that the face is negative, aversion, fear of errors and the effects of economic and social policies applied in the past decade, still asleep in the hearts of the Egyptians, which requires a double effort of persuasion, enticement, grooming and awareness for all parties associated with the program and its client, and this basis is important for the success of the privatization program in Egypt well.

3. REFERENCES

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