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INTER-ARAB AFFAIRS

AGRICULTURAL INVESTMENT COMPANY FORMED

Manama SADA AL-USBU' in Arabic No 567, 13 Jul 82 p 8

[Article: "Finally...Agriculture"]

[Text] The Arab Agricultural Investment Company is the first public Arab company to offer its stock to all Arab citizens without exception. It has been proposed that the company will be formed in Bahrain as a tax-exempt (offshore) company with capital of \$1 billion, half of which will be paid through subscription. The primary goals set for the company include the following four basic methods for improving agriculture in the Arab countries:

1. Direct investment in agricultural projects by establishing agricultural companies in the various Arab countries, and with the participation of each country with the proviso that the stockholders in these companies be primarily in the private sector.
2. Processing agricultural products by forming a food processing company to be wholly, or at least 50 percent, owned by the mother company.
3. Trading in agricultural products, agricultural machinery and equipment, and fertilizer by forming companies to trade in these items, wholly, or at least 50 percent, owned by the mother company.
4. Financing agricultural projects by establishing a bank to finance agricultural projects in the various Arab countries on a commercial or developmental basis, to be owned wholly, or at least 50 percent, by the mother company.

A committee for follow-up, originating from the first meeting of Arab businessmen and investors, held a meeting in Kuwait late last June and studied the steps that must be taken to establish the company. Bahrain was represented at these meetings by a delegation from the chamber of commerce headed by Jasim al-Saffar, the second vice president of the chamber. The participants at this meeting agreed to start the company with capital of \$1 billion, half of which is to be paid through subscription. However, the door will remain open for increasing the capital whenever that becomes necessary. Furthermore, the prevailing view is that this company be established in Bahrain as a tax-exempt (offshore) company, on the condition that each of its subsidiary companies carry the nationality of the country in which it will be established. It was also agreed that this view does not preclude other possibilities that may arise for establishing the company in any other Arab country.

The first meeting of Arab businessmen and investors was held in al-Ta'if in Saudi Arabia from 30 March to 1 April 1982. At this meeting the participants agreed that the proposed company would carry out its activities directly, or by establishing companies for the projects to be undertaken in the project's host country or by obtaining the concessions for developing areas of land and infrastructures agreed upon as part of an integrative agricultural project.

They also agreed that the company would be formed as a public Arab company whose shares would be offered to all Arab citizens, making sure that it will remain purely Arab-owned. There was also general agreement that primarily Arab-owned organizations will be permitted to buy stock in it, even if their home office is in a non-Arab country, such as the joint banks and Arab investment companies established abroad. Finally, it was agreed that the Arab governments would be allowed to purchase stock in this company through their organizations on the condition that ownership of a majority of the shares remain in the private sector.

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