

(Reuters) - [Egyptian](#) President Hosni Mubarak said on Tuesday he would surrender power in September, angering protesters who want an immediate end to his 30-year-rule, and prompting the United States to say change "must begin now."

The 82-year-old leader said he would not seek re-election when his presidential term ends in September. "I will work in the remaining months of my term to take the steps to ensure a peaceful transfer of power," he said in televised address.

And to those demanding he leave Egypt, he said, "This is my country ... and I will die on its soil."

His 10-minute speech was greeted with dismay among protesters whose numbers swelled above 1 million across Egypt on Tuesday after week-long demonstrations.

"We will not leave! He will leave!" some chanted.

Washington, caught off guard by the wave of anger over oppression and hardship which has spread from [Tunisia](#) to one of its closest Arab allies, added pressure on Mubarak to speed up his response while stopping short of calling on him to quit.

"What is clear and what I indicated tonight to President Mubarak is my belief that an orderly transition must be meaningful, it must be peaceful and it must begin now," President Barack Obama said after speaking to him by phone.

But inside Egypt the immediate future remained unclear.

Soon after Mubarak's speech, state television, which had largely ignored anti-government protests, broadcast footage of smaller demonstrations held in support of the president.

These pro-government marches were an unusual development given there had so far been almost no sign of any counter-demonstrations.

At Cairo's Tahrir, or Liberation, Square, focus of protests for a week, people defying a curfew bitterly criticised Mubarak for failing to heed their call for him to quit.

"The speech is useless and only inflames our anger," said Shadi Morkos. "We will continue to protest."

In Alexandria, the second city, troops in tanks fired shots in the air to keep order after skirmishes between anti-government and pro-Mubarak groups.

ARMY ROLE CRUCIAL

Much will depend on the army, once Mubarak's power base, which has dominated Egypt since it toppled the monarchy in 1952.

Many see it as trying to ensure a transition of power that would allow it to retain much of its influence. It has promised not to fire on protesters and called their demands legitimate.

But some analysts said tensions could rise even within the army if Mubarak were to hang on too long, and if senior officers were seen to be protecting a leader who had lost legitimacy.

"The longer this goes on, the more people will associate the military top brass with Mubarak. That is very dangerous," said Faysal Itani, deputy head of Middle East and North Africa Forecasting at Exclusive Analysis.

"It will put enormous strain on the security services."

A British-based cleric from the Muslim Brotherhood, the officially banned Islamist party and the most organized [Egyptian](#) opposition group, also said there was a risk of conflict.

"It will add fuel to the fire. His speech will bring the danger of conflict in the country. We were expecting him to be stubborn, but not to that extent," Kamel el-Helbawy said.

Retired diplomat Mohammed ElBaradei, who has emerged as a leading figure in the opposition, was quoted by CNN calling Mubarak's move a "trick."

Tuesday's demonstration was an emphatic rejection of Mubarak's appointment of a new vice president, Omar Suleiman, and an offer to open a dialogue with the opposition.

Many protesters spoke of a new push on Friday to rally at Cairo's presidential palace to dislodge Mubarak: "This won't fly any more," said 35-year-old doctor Ahmed Khalifa. "If Egyptians stay on the streets till Friday, probably Mubarak's next offer will be to step down right away."

U.S. DIPLOMATIC TIGHTROPE

Obama spoke to Mubarak for a half hour by telephone after he announced plans to step down in September.

A senior administration official said Obama's conversation with Mubarak was frank and direct and left no doubt that "the time for transition is now, it can't be put off."

"He said it was clear how much he (Mubarak) loves his country, and how difficult this is for him. President Obama explained to him that an orderly transition can't be prolonged, it must begin now," the official said.

Obama's comments were the clearest sign yet that Washington believes Mubarak might have to leave sooner rather than later. But officials were reluctant to press openly for his resignation to avoid undermining other allies in the region who might face similar uprisings.

His departure would reconfigure the politics of the Middle East, with implications from Israel -- which signed a peace treaty with Egypt in 1979 -- to oil giant [Saudi Arabia](#).

Just four weeks since the death of Mohammed Bouazizi, the [Tunisian](#) who set himself on fire to protest at oppression and corruption, the wave of anger he set in motion has gathered strength across the region.

King Abdullah of Jordan replaced his prime minister on Tuesday after protests. Yemen and Sudan have also seen unrest.

The unrest has sent oil prices higher on fears of trouble in Saudi Arabia and on [Egypt's](#) Suez Canal. That in turn has raised worries about a further rise in inflation, increasing the potential for social unrest far beyond the Middle East.