

The king of cotton takes the throne

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THE sale of over a third of Egypt's cotton crop to the private entrepreneur has thrown agriculture into the forefront of the privatization program.

Mahmoud Wahba, who made his fortune from oil futures in the United States, has returned home after a few tugs on the thread by Privatization Minister Aïf Obeid to take up where his father left off as a cotton trader.

"We've got a problem with cotton; can you help?" Obeid is reported to have pleaded, and Wahba swept in with family and National Bank money behind him. "I am not an expert," Wahba says. "If you knew too much you probably wouldn't go in."

Buying up 2.5 million gantars of cotton, Wahba is riding criticism of monopolistic practice and government favors, insisting that to survive he had to go in big. "It is not a bribe, there is no dealing under the table," he insisted at an interview with the local press on 1 October. "I am in it for the long haul," he told the *Middle East Times* later, wishing to establish "politically correct" credentials. "It is small compared to my other investments, but emotionally it's the largest."

Aid large it certainly is. He is leasing 16 ginning mills and claims to have contracted buyers for his goods already. "We sold a million gantars in less than a week," he says. Last year Egypt eventually sold to 33 countries, but Wahba has targeted Europe and Japan for raw cotton and the United States for yarn, a market that will develop under the Gatt Agreement. But a few loose ends remain to be tied. Wahba's company is not yet registered for export.

The improvements are there for all to see. "Farmers were not paid after last harvest for

seven months," Wahba complains. "No one really cared about it." Now the farmers can choose to sell or store and set prices themselves rather than simply having their crops taken off them by cooperative marketing boards.

A marketing debacle, which priced Egyptian cotton three times above international competition last year, has deterred farmers from cultivating the crop. Production fell from 7.2 million gantars last year to between 6 and 6.5 million this year, with 200,000 less feddans under cotton cultivation. Many farmers switched to rice, which has in turn caused a water shortage.

Radical change in purchase, however, is unlikely to change the way land is managed in Egypt. Small holdings remain sacrosanct, and Wahba only sees farming conglomerates emerging on new land as graduates sell out. "Strangely, it's the man who owns just eight feddans who's marketing well," he claims.

On the other hand, president of the Central Agricultural Cooperative Union Mohammed Idris, who takes credit for persuading Wahba into the market, sees no sacred cows anymore. "Even if he is exporting to the United States, why not?" is his answer to suspicions voiced in the liberal organ *Al-Ahram* that Wahba is just private investment in government clothing. Currently, the United States, which produces 19.3 million gantars of cotton annually, exports to Egypt rather than the other way round.

Put in motion in July, Wahba's entry has not been plain sailing. Collection bags were not made available, spare parts became scarce and a scare campaign was initiated in the opposition press.

Described as "a wave in stagnant water" by Idris, Wahba mixes sentiment with business sense. "I like to talk to the farmers of the 'King of Cotton,'" he says, boasting for cotton the largest share in Egypt's national income. Wahba



Mahmoud Wahba: "You need a deep pocket to stay in the market."

recognizes that Egypt's *fellahs*, whom he encountered with Agriculture Minister Youssef Wali on a visit to Fayoum on 2 October, see him as the benign face of outside interest, which would get the cold shoulder if it looked overly "foreign." Of his workforce, most of them over 65 years of age, he says he has made no cuts, but has in fact hired an extra 1,000 hands. Nevertheless, Idris believes farmers are anxious to cut loose from the public companies and "prefer to sell to private companies." Besides, they are getting a better price — £421 per gantar higher than the public rate. "Farmers were squeezed by the government," says Idris, who holds the widespread belief that for too long agriculture has subsidized the rest of the Egyptian economy.