The Gulf Arab States and Egypt's Political Economy: Examining New Spaces of Food and Agribusiness

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Declaration for SOAS PhD thesis

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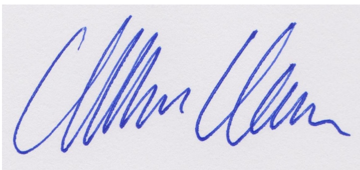
Signed:  Date: 2/06/2017

Abstract

This thesis argues that the relationship between the Gulf Arab states and Egypt constitutes a region in the third food regime, as defined by a circuit of commodities and capital. The flow of capital from Gulf Cooperation Council (GCC) states into Egyptian food and agriculture since 1988 has played a central role in the construction of a corporate food system. This thesis will outline this process in three stages of the supply chain: horticulture on reclaimed land, agro-industrial production and supermarkets and retail. This space is also defined by the export of horticultural products such as table crops and livestock feed from Egypt to the Gulf states.

The development of this region has been predicated on the formation of close links between Gulf investors and the Egyptian state. This state-capital nexus allowed Gulf capital to territorialise through the mediation of access to state resources by the Egyptian government. This nexus is a synthesis of relations that includes the Egyptian military and Egyptian capitalists who also have close ties to the state. This thesis will posit financial markets and institutions as main vehicles for the internationalisation of Gulf capital into Egypt as they created joint-shareholdings and partnerships that form the state-capital nexus.

The Gulf-Egypt region has led to the formation of new spaces of production at the national

scale in Egypt. Companies with GCC shareholders have invested in land reclamation schemes and agro-industrial projects that have allowed a heightened level of control over production and the environment. This spatial reorganisation illustrates the scalar nature of this region and the extraction of value through these new spaces.

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I must give a special thanks to my wife Rawan. If it had not been for her encouragement, this PhD may not have been started, and her love and belief sustained me during moments of difficulty. I would like to thank my mother-in-law Mary, and her sister Elizabeth, whose care for our daughter Mai enabled me to increase the time spent working on this thesis. I would also like to express my gratitude to Elizabeth Salvesen, whose financial support made this project possible.

I would like to dedicate this thesis to my parents.

Introduction

Agriculture is a mainstay of life in Egypt. Around 30% of the national workforce is employed in the sector and it contributes approximately 11% of total GDP (World Bank, 2016). Only a small percentage of the country is suitable for horticulture but the agrarian areas are highly productive, and the combination of climate and water resources allows for intense cultivation. Agriculture is intrinsic to the country's history and social fabric, and this is represented in the legacy of indigenous animal breeds and practices that have been developed over generations.

Despite this wealth, food insecurity is approaching crisis levels in Egypt. The problem has worsened over the last decade, and in 2011 the percentage of the population suffering from food insecurity reached 17%, or almost 14 million people (WFP, 2013). In rural areas, 30% of children under the age of five suffer from stunting due to malnutrition (ibid). The average household in Egypt spends around 40% of its income on food, and as a result of its high cost it buys less nutritious commodities (ibid). In order to address this problem the government has maintained food subsidies on commodities such as bread, sugar, rice, and cooking oil, and around 70% of Egyptian households consume these products. However as a result of the nutritional nature of this basket of commodities, Egypt suffers from what is termed as a double burden of malnutrition, meaning that a high rate of obesity is also common among the country's poor (Riffai, 2015).

Policy debates on this problem tends to consider the market as a solution to food insecurity. This recommendation has been promoted by US development agencies such as USAID, and increasingly they manifest themselves in the strategies of NGOs and private development corporations operating in Egypt. These agencies constitute a small industry in Egypt, and they employ numerous foreign experts who wield influence over government policy. They invest considerable energy in attempting to incorporate small farmers into the market and encourage them to access the value-chain and export their products; they attempt to install a culture of “entrepreneurship” among smallholders.[1]

This thesis does not offer technocratic solutions to the problem of food insecurity. Rather, it considers that problems such as hunger and malnutrition should be considered as a creation of the structure of Egypt’s food system. With this considered, this dissertation will examine Egypt’s corporate food system, a sector that has expanded rapidly over the last two decades. Large corporations now control substantial market shares of horticulture, food processing, poultry, dairy, supermarkets, and fast food restaurants. The control of corporations over food production has expanded as a result of the state’s backing, and considerable resources and support have been allocated to food and agribusiness companies. The issue of food insecurity should be seen in the context of the dominance of this system.

The role of institutions such as the World Bank and the International Monetary Fund in the

[1] For an insight into one of these projects see (ILO, 2013).

creation of the corporate system, and the access given to multinational corporations, has been well-documented in literature on Egyptian agriculture (Bush 1995; 2007; Bush and Ayeb 2012, Bush and Bromley 1994; Dixon 2013a; 2013b; 2015; Mitchell 2002). But one characteristic of Egypt's corporate food system that has not been closely examined by this academic field is the part played by Gulf capital, which has become the largest foreign investor in the sector.

This thesis illustrates the investment of Gulf capital in different stages of the agribusiness supply chain in Egypt. The primary argument throughout this thesis is that as a result of the internationalisation of Gulf capital into Egypt's food and agriculture sector, the relationship between the Egypt and the GCC states constitutes a region in the global corporate food system. As a result, accumulation of Gulf agribusiness conglomerates takes place at the regional scale and the supply chains of their operations have been embedded into Egypt. In Egypt, one of the consequences of these regional processes has been Gulf investment's capitalisation of agribusiness, leading to intense levels of vertical integration, and the creation of monopoly market shares. This thesis will argue that Gulf capital has established its investment in this sector through a relationship with the Egyptian state that is deeper than other foreign capitals. As a result of this linkage, Gulf investors have benefited from access to land, water, and other state resources that have allowed productive capacity.

This thesis' framing of a food system region that spans Arab states is motivated by another lacuna in the academic literature. There have been several studies on food policies across the Arab region (Woertz, 2013; Elhadj; 2005; Bailey and Willoughby 2013; Harrigan 2014). While they are all insightful contributions to the field, these works tend to consider Arab states as sharing commonalities in terms of food insecurity, partly due to the mutual reliance on food imports from Northern producers. However the relationship between Arab states and the inequalities embodied within these relations have largely been overlooked. This is pertinent given that trade is the normative policy response to food insecurity; a strategy that assumes exports based on comparative advantage can earn foreign currency to import food. However this policy is based on the assumption that the international market can create an equilibrium in the access to food, yet there is little evidence of such a balance in inter-Arab trade. In fact there is evidence to suggest that this policy has led to growing inequality in terms of access to food. Over the last two decades Egypt's food exports have increased substantially and this has done little to lower levels of malnutrition, indeed they have increased since 2003.[2]

Theoretically, this thesis employs food regime theory, a Marxist approach towards food systems. Predominantly an historical notion, food regime theory identifies three historical food systems under capitalism: the settler colonial food regime between approximately 1870 until 1947, the second food regime following the Second World War, and the corporate food regime from the 1980s onwards. While the first two regimes consisted of linear flows of commodities and capital between North and South (albeit in different directions) the corporate food regime is geographically multipolar. However the

[2] Between 1990 and 2013 the levels of export fruit crops in Egypt increased by 655%, the number of oil export crops increased by 1221% and the number of vegetable export crops increased by 258% (Hanieh, 2013: 87).

development of this multipolar system has received inadequate attention in food regime literature, despite the inherently complex nature of space in the corporate food system. With this in mind this thesis will augment food regime theory with a geographic and spatial dimension, and in doing so respond to a lacuna and make an original contribution to knowledge.

This thesis also intends to make a contribution to the literature on political economy in the Middle East. Research on the Gulf states has been dominated by rentier state theory, a concept that tends to a reification of the nation state and overlooks the manner in which accumulation is increasingly articulated at the regional scale. This thesis intends to provide an empirical illustration of this internationalisation, and as such argue that contrary to academic work that partitions the Gulf from the rest of the Arab countries, this region needs to be brought into the centre of studies on the political economy of the Middle East.

Research questions and methodology

In order to research Gulf investment in Egyptian food and agriculture, and its role in the formation of the corporate food system, this thesis examines Egypt's agriculture sector between 1988 and the present day. This period has been chosen as Egypt's debt crisis in 1988 granted the IMF leverage to impose structural adjustment policies, which led to the transformation that allowed the growth of a corporate food regime.

In terms of a frame of analysis, the thesis focuses on several institutional entities: Gulf food conglomerates and their investments in Egypt, Egyptian companies and financial institutions that have received Gulf investment, and financial institutions in the Gulf that have invested in Egypt. It also examines government institutions, non-governmental organisations (NGOs) and international NGOs. It uses this frame of analysis to empirically illustrate the extent of Gulf investment in Egypt's food and agriculture sector, with specific focus on three stages of the supply chain: horticulture, agro-industry and food retail. From this frame, this thesis identifies empirical evidence for the spatial, environmental, and political corollaries of the internationalisation of Gulf capital into the sector.

This thesis seeks to answer the following key research questions:

- To what extent has Gulf capital invested in the stages of the agribusiness supply chain?

- How has Gulf capital internationalised into the sector?

- What are the effects of this capitalisation on the size and capacity of the corporations that operate in the sector?

- How do these corollaries concur with the characteristics of the third food regime?

- What role does the state play in these investments?

- How is the state transformed through this relationship?

- What effect does Gulf capital's internationalisation have on space and geography?

- What societal and environmental effects does this capitalisation have?

In order to address these questions this thesis employs a qualitative research methodology. Data extraction was primarily undertaken through semi-structured interviews conducted in Egypt and the Gulf, most of which were arranged through a snowball sampling method. Primary sources also included English and Arabic media reports, business information websites, company reports, and press releases. This method has been undertaken for two main reasons. Firstly, there is a dearth of reliable data in Egypt of the scale that would facilitate a quantitative study. Secondly there are few data sets that would be appropriate for a quantitative approach to my research aims.

For the most part, interviews were undertaken with informants who could be described as members of the elite. Company managers formed the largest group of respondents, followed by NGO workers, and then government officials. I approached company managers on the basis that the study of the corporate food system required an insight into the firms that control this regime. Dealing with such a group of informants required vigilance against statements motivated by commercial self-interest and promotion. Indeed in some cases managers of corporations did use interviews to extol the social benefits of their activities, or to inflate their size and market share. However this was rare and in most cases managers of companies were surprisingly candid, and revealed unflattering details about their companies and sectors. Perhaps more than in any other area, elite interviews were instructive on the nature of state-business relations that are discussed in this thesis, a topic that is opaque, and knowledge of which tends to be exclusive to a small class of capitalists who have direct experience of this relation.

I offered anonymity to all of my interviewees and their company or organisation. Anonymity created a sense of security that prompted interviewees to reveal details of their operations but more importantly it offered protection, both from their employers and government agencies. Although many of the issues discussed were seemingly innocuous, conversations that covered corruption, or the nature of the relationship with the state, and particularly the military, were politically sensitive. In the interests of readability I have given my informants pseudonyms, and indicate where this is the case throughout the thesis.

The structure of this thesis

Chapter One will focus on food regime theory and it will examine how this has been applied to the Middle East as well as the relevant literature on food and agriculture in the region. It will then examine how geography has been included in food regime literature and illustrate the lacuna that this thesis will address. This chapter will provide the theoretical foundation for the argument that the Gulf and Egypt constitutes a region within the corporate food system. It will also define a corporate food system and enable the theorisation of space and state-capital relations.

Chapter Two will apply the historical framework of food regime theory to Egypt, the manifestations of which are clearly identifiable. I will draw on the rich field of literature on Egypt's development, agrarian economy, and history in order to outline the three periods of the food regime concept. The first food regime covers the period of British colonial rule, and the second regime covers the post-Second World War period, defined by the export of US and European grain to Egypt. This chapter will also examine the transition into the corporate food regime that took place in Egypt from the late 1980s onwards.

Chapters Three to Six will be based on research drawn from my fieldwork as well as secondary sources. Chapter Three illustrates the role of financial markets in the internationalisation of Gulf capital into the Egyptian food and agribusiness sector. Although not all Gulf investments have taken place through financial markets, a significant number have. Financial institutions such as private equity firms have acted as vehicles for Gulf capital’s accumulation in the sector, albeit one that appears to be Egyptian in terms of its management and image. Egyptian stock markets have also performed a similar role. This chapter will also illustrate how Egypt constitutes an important source of revenues for food conglomerates that are listed on the Gulf stock markets.

Chapters Four to Six will trace the presence, role, and consequences of Gulf capital in the supply chain from farm to consumer. Chapter Four will illustrate the role of Gulf investors in establishing large farms on reclaimed land, known in Egypt as the New Lands. These farms serve two purposes. Either they are used to grow livestock feed or high-value table crops for export markets in the Gulf, or they are vertically integrated into the supply chains of food conglomerates. The chapter will focus on Toshka and Sharq El Oweinat, two land reclamation projects in which Gulf capital played a central role. In addition to the material benefits of these projects, this thesis will also focus on the political nature of these schemes, and the form of state-capital relations that they represent. Theoretically, the chapter will place this process within the concept of a frontier of cheap nature that has been opened in response to the ecological exhaustion of the Old Lands.

Chapter Five will examine the agro-industrial sector and three sub-sectors: processing, poultry, and dairy. It will illustrate how Gulf capital owns companies (in the form of minority or majority shareholdings) that control monopoly market shares and have the largest operations, both in terms of capacity and technological sophistication. This chapter will argue that the consequences of the flow of Gulf capital into the sector has been an intensification of vertical integration, and a spatial relocation of these industries away from the traditional areas of agricultural production. The section will illustrate how Gulf investment in this sector has been predicated on a relationship with the Egyptian state, an interaction that constitutes the “state-capital nexus”, a recurring theme that is analysed throughout this thesis.

Chapter Six focuses on the supermarket and fast food sector and it will show how Gulf companies have introduced franchises of Western brands to Egypt. As is the case with many Gulf investments in the agribusiness supply chain, accumulation in food retail is dependent on the relationship with the Egyptian state, and this forms another dimension of the state-capital nexus. This chapter will also chart some of the limitations to the corporate food sector and the potential for these barriers to be surpassed. These limitations include the family system of food production, rural space, and the state controlled system. Lastly this chapter will examine the influence that Gulf investors have had over consumption in Egypt and will briefly assess the concomitant development of the Gulf's hegemonic position in Egypt.

Some caveats

This dissertation argues that the relation between the Gulf states and Egypt constitutes a region in the corporate food regime. This refers to the agribusiness tier of food and agriculture, and the notion should not be understood as reference to all of Egypt's agriculture sector, the majority of which is non-corporate. Moreover the exchange of commodities within the non-corporate system is unlikely to involve a large distance.

This thesis outlines the role of Gulf capital in restructuring Egypt’s agribusiness sector and it examines the supply chain from land reclamation to industrial farming to supermarkets and retail. These sub-sectors are substantial industries that have had extensive ecological and social corollaries, the poultry sector being one example. This thesis concentrates on how Gulf investment provided the capital for the growth of corporate agribusiness companies in these sectors. It does not claim to be a full study on the various industries that are discussed as their extensive size and the array of issues that are relevant to them are beyond the scope of a PhD thesis. As a result there are areas that are not within the scope of this research and have not been fully explored.

In the same vein, at every stage of the supply chain, the agribusiness tier that Gulf capital has invested in interfaces with the state food system, and subsistence and smallholder production. These are areas that are also extensive. The state system manifests itself in the form of food subsidies that perform a vital function in ensuring the availability of certain products. This is enabled through state-owned industries that account for a considerable amount of commodities in the Egyptian food market. The subsistence and smallholder sector approximately refers to production by Egyptians who are engaged with some form of agriculture, either on a full time or part time basis. While some produce is consumed within the family unit, the surplus (in varying degrees of scale) may be sold on the market, a system that accounts for a considerable amount of activity in the agriculture and food sector. This thesis only mentions these systems in terms of their interaction with the corporate agribusiness sector and it does not pertain to be a comprehensive account of their current status. I believe this is justified as the frame of analysis of this thesis aims primarily at exploring the role of Gulf capital in reshaping the corporate system.

It is with some discomfort that I have defined modes of production in this manner, although such terms are necessary for this purpose of this study. Terminology such as “sector”, “economy”, and the “market” are problematic, as they cloud the political mechanisms that lie behind the construction of such entities. Moreover, it is often assumed that such Northern and Western definitions have a global commonality, when in the case of Egypt and other Southern countries this is, at best, contentious. This point is eloquently stated by Mitchell:

> “The ideas of the economy and the market seem so matter of fact that they would appear as central categories in almost any discussion of the changes transforming the rural Third World. Yet when they are taken for granted they conceal more than they reveal. A study of contemporary rural Egypt that assumes the economy to be a universal and unproblematic object would overlook the political process of its creation, as well as the local history of this process in Egyptian politics,” (2002: 246-7).

I have a similar sense of unease when it comes to other terms utilised in this thesis. For example the term “investment” is a misnomer, given that in some cases it is part of a process of dispossession. Smallholder and subsistence production are simplified terms for a complex, diverse, and understudied area of activity, and smallholder farmer is used, despite my awareness that this refers to millions of people who are subject to an array of relations of production. The same applies to Global North and South, a locution whose simplistic dichotomy has an obvious analytical weakness, but nonetheless has utility.

Another caveat that will be reiterated through the course of this thesis is that while Gulf investment has played a central role in capitalising Egypt’s corporate food system, this point should not be interpreted as reductive. Egyptian and European capitals have also played a role in this process, the Egyptian state has mediated and helped construct this food system and international institutions have overseen corporate restructuring. Moreover I should be clear that this thesis does not intend to portray the Gulf and its capital as an all powerful entity that is unconnected to US hegemony and its policy in the Middle East. Nonetheless, the highly significant role of the Gulf in Egyptian agribusiness has been largely absent in critical political economy literature on Egypt – a gap that this thesis attempts to redress.

Positioning my research

The interpretivist nature of qualitative research can lead to accusations of reflexive bias, and in response it is important to declare one's subjective weaknesses. There is a historical relation between knowledge and power, and this is an important cognizance for a British citizen studying Egypt in a British university. Historically, the British academy has produced knowledge that has acted as an ideological justification, and practical facilitation of British colonialism (Dimier, 2006; Steinmetz, 2013). A example of this relation can be seen in Arthur Balfour's speech in the House of Commons in 1910 in which he justified the continued occupation of Egypt on the basis of knowledge: "We know the civilisation of Egypt better than we know the civilisation of any other country. We know it further back; we know it more intimately; we know more about it," (Said, 1995: 32). The ability to conduct fieldwork in Egypt is itself a privilege, especially considering the substantial hurdles that Egyptian academics face in their attempts to obtain a visa to the UK. This inequality is a legacy of colonial power and regardless of one's best intentions and education, access is a privilege that is a product of history.

Keeping this in mind, I have experience living and working in the Middle East, which has carried into this research in ways that are both explicit and implicit. Between 2001-2006 I was a journalist in Lebanon and Qatar, and this experience provided a lesson in conducting research in the Arab region. In 2006 I reported on the war between Israel and Hizbullah, and this powerful experience made me realise that I was no longer interested in journalism. I then worked as a business researcher conducting market research across the Middle East, with a strong focus on the Arab Gulf states. This gave me a strong knowledge of the networks of business and politics that dominate the region's economies. I have also had the opportunity to undertake extensive travel around the region, and over the years I have journeyed to Iraq, Syria, Egypt, Saudi Arabia, Morocco, Palestine and other countries. However while these professional experiences have been extremely insightful, they also left the legacy of a writing style that was journalistic and prosaic, one that I have tried to unlearn during the course of writing this thesis.

Although it has given me strong familiarity with the region, my background as a business researcher also meant that I adopted my methodology with a certain bias. In the years prior to starting my PhD I had undertaken several market research reports that involved interviews with members of the “elite”, such as businesspeople, government officials, NGO employees, and foreign diplomats. This experience meant that I had some familiarity with the language and culture of the business elite in Egypt, and the Middle East. The opportunity to explore the critical political economy literature in some depth as a PhD student at SOAS has helped me more clearly problematise the role and activities of these elites.

My Arabic language skills were also an asset during my fieldwork in Egypt. Although my Egyptian dialect is weaker than my Levantine dialect I was able to conduct a minority of my interviews in Arabic, although the majority were done in English. Arabic also served as a useful skill in terms of navigating around Cairo in order to locate offices where I arranged meetings for interviews. In several cases I was able to use my Arabic to translate Arabic media during the course of my research.

Notes on fieldwork

It was with some trepidation that I departed for Cairo in late August 2013 in order to begin my PhD fieldwork. That summer, the coup that overthrew President Mohammed Morsi had caused me to rethink my plans to conduct research in Egypt. In light of the violent crackdown on street protests and the instability caused by the takeover, I was concerned that the country was too insecure to conduct research. I was also worried that my questions on agriculture would be considered as unimportant and irrelevant given the turmoil. Once I arrived such fears abated; although there was a palpable air of tension, and a night-time curfew was enforced by the military, life in Cairo continued as normal.

The political atmosphere may have worked in my favour. Many interviewees seemed pleased to be asked questions about agriculture and the economy, and I felt that some viewed my presence as a sign that the situation was “returning to normal”. Some informants, especially those who were particularly well-placed, were in a buoyant mood as a result of the removal of Morsi, and appeared to be happy at the prospect of the restoration of privileges. One consequence to the political climate was my perception that the security services were occupied with the pursuit of members of the Muslim Brotherhood and were unlikely to be concerned with the activities of a researcher. I also felt that there was an environment in which the magnitude of the summer's event meant that a subject such as the political economy of agriculture was viewed as innocuous.

Between September and November I enjoyed a fruitful period of research during which I conducted 33 interviews with individuals employed in the private sector, non-governmental organisations, and in the government. These were long days. My day would begin with Arabic lessons in Mohandeseen followed by interviews in the afternoon, and on a few days during this period I conducted three interviews in a day. The frequent taxi journeys provided a chance to improve my Egyptian dialect with the reliably chatty cab drivers. They also gave me an insight into the expanse of Cairo, the juxtaposition between its slums and middle class neighbourhoods, and the manner in which the city was continually encroaching onto the agricultural land at its fringe.

As a result of the nature of my interviews and my research aims, my trips outside of Cairo were limited. This was partly due to the security and political situation, and aside from the numerous reports of clashes and violence in rural towns of the Delta and Middle and Upper Egypt, travel outside of Cairo was complicated by the fact that rail services were cancelled for most of September and October.

On one occasion I arranged to meet a vet who worked in the poultry industry in the Delta town of Zagazig. During the journey from Cairo the taxi driver got lost, and the trip happily turned into an extended tour of the Delta, which passed through several towns and the agricultural areas around them. The experience was insightful, and it drew my attention to the problems that exist within the traditional agrarian areas. There were signs of the bucolic charm that is stereotypically depicted in tourism brochures and guide books, but many of the areas through which we drove were blighted by pollution, unmanaged urbanisation, and inadequate infrastructure. Despite these problems I was also struck by the fecundity of the land and the industrious buzz among the communities of the Delta. In future research I would appreciate the opportunity to gain a better understanding of these rural areas in Egypt.

As the months passed I began to notice that among some, the political mood became more suspicious and conspiratorial. One morning in November my Arabic teacher started my class with a series of noticeably pointed questions regarding my research and my reasons for being in Egypt. Elsewhere I also began to notice a sense of anger and betrayal based on a perception that Western governments were not more supportive of Egypt's "fight against terrorism". Some even went further and considered that the West was participating in a conspiracy against Egypt as a result of perceived support for Morsi and the Muslim Brotherhood. In one interview in November I was given a particularly hostile reception and my questions about agriculture and food were met with a tirade about how the West could no longer be trusted.

As a result of the increasingly bitter mood among some sections of society I wonder if my informants would be as accessible as they were in late 2013. In April 2014 I returned to Egypt for a month in order to conduct further interviews. Aside from the fact that my list of potential informants was close to exhaustion, I also noticed that calls were not being returned. Since then I have tried to arrange second interviews by email or over the phone but my requests have gone unanswered.

After I had conducted research in Egypt my plan was to conduct several months of research in the United Arab Emirates and Saudi Arabia. In 2014 I applied for a research visa to Saudi Arabia that would be sponsored by the King Faisal Centre for Research and Islamic Studies, but the Saudi state declined the application for reasons that are unclear. In February 2014 I spent one week in the UAE and one week in Qatar in order to assess the potential for further research in these countries. In contrast to Egypt, my experience was less directly fruitful in terms of formal interview material. Employees of agribusiness companies were elusive and unapproachable, and employees of NGOs and international agencies had little knowledge of Egypt. My visit to the UAE coincided with an increase in tensions with Qatar as a result of its support for the Muslim Brotherhood government in Egypt. As a result my questions on Egyptian agriculture were used by many informants as a chance to brief me on the interference of the Muslim Brotherhood in the UAE. In Qatar I encountered a more open atmosphere but my interviews did not provide much helpful information.

On balance I feel that my fieldwork was effective. I was able to access a mix of informants with different insights into food and agriculture in Egypt, and the politics of foreign investment. NGO workers provided me with criticisms of the private sector and insight into developmental problems. Government officials gave me accounts of the difficulties they face and the constraints they have in trying to influence policy. The most interesting discussions took place with informants in the private sector. Of the 33 interviews I was able to speak to around five company managers who gave me an overview of their operations. Some of their most revealing insights were on the relationship with the state and these interviews have contributed to the original research in this thesis.

Chapter One: Theoretical foundation and literature review

1.1 Introduction

The following chapter will provide the theoretical foundation for this thesis. It will start by charting food regime theory, its origins, its criticisms, and its reformulations. Of particular importance to this thesis is the theory's definition of the third food regime and the corporate food system. Given that food regime theory is expansive, this section will focus on the specific characteristics of the corporate food system that are of relevance to the chapters in this thesis. These are conceptualisations on the role of financial markets, land grabs, agro-industrial development, and supermarkets and retail. The chapter on supermarkets and retail will stray outside of food regime theory. It will then examine how food regime theory has been applied in the Middle East, and also review other literature on food in the region. The chapter will then examine how the question of geography and space has been applied to food regime theory, and illustrate the lacuna that this thesis will respond to. This section will indicate how it will theorise the development of space in order to show the scalar nature of the Gulf-Egypt region.

1.2 Food regime theory

Food embodies a set of social relations that have been constructed through time and space. It inheres a wide range of themes that are relevant to political economy, sociology, and history. Given this expansive nature, what theoretical approach to the study of food can synthesise these disparate threads? How can food be studied in a manner that avoids its reification? With this in mind, this thesis will eschew a frame that views agriculture and food as purely a technical and scientific matter.[3] Rather, this thesis considers food and agriculture as a subject that should incorporate social sciences such as politics and economics (Lawrence and McMichael: 2012: 138).

Mainstream social science approaches to agriculture tend to see a problem such as food security as one that can be addressed through a technocratic framework that addresses policy and practices. This approach might consider that the coincidence of foreign investment and food insecurity in Egypt is primarily a result of the inability of small farmers to access agribusiness supply chains. However, as will be illustrated in this thesis, such an approach tends to overlook the differential in power that exists between smallholders and owners of agribusiness companies. The problem of this approach was remarked upon by Bush: “Egypt's agricultural crisis has for too long been seen to be a technical problem at the level of inputs and prices rather than a social and political problem of conflicting relations of production, (Bush, 1995: 515).

The political economy of foreign investment in Egypt is a rich field and some of these works are referenced in a section later in this chapter. This field is relevant to the alliances between Gulf investors, Egyptian capitalists and the Egyptian state that will be discussed

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[3] Modernisation theory and its manifestations in social science often led to agriculture becoming a technical question of productivity. According to one account: “This period of productivist enhancement was further reinforced by the role of the agriculture economist shaping scientific spheres and mainly analysing rural areas and agrarian change through a modernisation lense,” (Ortiz-Miranda et al., 2013: 11).

and this thesis will engage with aspects of this literature. However despite its utility this corpus does not address the social, environmental and historical issues that are unique to agriculture in Egypt, which are covered by another body of work into which this thesis makes an intervention.

One theoretical approach that encompasses both politics and the issues that are specific to food and agriculture is food regime theory. Epistemologically this notion takes the world scale as the unit of analysis, and it breaks from a linear understanding of development that is inherent to modernisation theory. It posits political relations at the centre of food, both in terms of systems that govern commodities but also the significance of food to power. Food regime theory considers that food is a lens through which the political development of capitalism can be observed. Using a set of indicators, the concept identified three distinct historical periods: the first food regime of European colonial power (1880s-1940s), the second regime of US power (1940s-1980s), and the present third food regime of corporate power.

The food regime concept was first proposed in a 1989 article written by Friedmann and McMichael entitled “Agriculture and the State System. The rise and decline of national agricultures, 1870 to the present”. This paper introduced the notion of a food regime as a link between “international relations of food production and consumption to forms of accumulation broadly distinguishing periods of capitalist accumulation since 1870” (Friedmann and McMichael, 1989: 95). The article was motivated by what the authors considered as the problematic assumptions that lay behind attempts to establish national agricultures in the Global South. When considered from a “world-historical perspective” they argue these assumptions have been contradicted by the fluidity and global scale of historical relations between agriculture and industry (ibid: 93).

The theory has been enriched by contributions that have adopted new approaches and methodologies but the criteria behind the original definition continues to anchor the concept. The field was defined by McMichael as follows:

> “Food regime analysis emerged to explain the strategic role of agriculture and food in the construction of the world capitalist economy. It identifies stable periods of capital accumulation associated with particular configurations of geopolitical power, conditioned by forms of agricultural production and consumption relations within and across national spaces. Contradictory relations within food regimes produce crisis, transformation, and transition to successor regimes,” (2009: 1).

For Friedmann, one of the main foundations of a regime is the establishment of a set of rules, compromises and tensions between actors such as corporations, governments, and social movements. According to her, food regimes are made and unmade through these relations: “beneath the natural appearance of a working regime lie unstated assumptions that are in effect implicit rules guiding relationships, practices, and outcomes,” (Friedmann, 2005: 232).

Both Friedmann and McMichael have been prolific in their contributions to the field and the theoretical area has received numerous additions and reformulations that will be covered in this chapter. Given that the concept emerged as a historical analysis, it is worthwhile devoting some attention to the first two historical regimes that have been defined by the notion. Evident in these periods is the methodology of identifying the global relations of consumption and production, their political configurations, and the crisis and tensions that accompany these phases.

The first food regime was defined by the flow of food from colonies in the Global South, and the settler colonies in the so-called New Worlds, to Europe. Colonial powers and specifically Britain used its colonies as a cheap source of food and raw materials for domestic industries (Friedmann, 1992; 1993; McMichael, 1992; 2009). Most of the produce from colonial plantations was exported back to European states, and the regime was dependent on new forms of transport such as railways and steam shipping. As a result, this period marked the start of an international division of labour of food in which world regions specialised in agricultural products based on comparative advantage (Friedmann, 1982). Tropical regions saw the cultivation of monocultures of commodities such as sugar or cotton, while settler colonial states in the Americas became producers of grain. Analysis of this regime also posited the development of agricultural export zones as a source of cheap food (McMichael, 2009). This concept of value relations has remained a theme within food regime literature and has been expanded by other scholars such as Araghi (2003) and Moore (2010). Manifest in the first food regime was the role of finance capital, and the system of trade was enabled by the gold standard in the City of London (McMichael, 2005).

The first food regime laid the foundations for the centrality of agriculture to development. According to McMichael: “the establishment of national agricultural sectors within the emerging settler states (notably USA, Canada, and Australia), modeled twentieth-century ‘development’ as an articulated dynamic between national agricultural and industrial sectors,” (McMichael, 2009a: 141). McMichael suggests that the first food regime went into decline as a result of the First World War, the Great Depression, the collapse of the gold standard, and the ecological exhaustion of the US Dust Bowl (McMichael, 2013b: 31-32).

The second food regime was determined by a reversal in the flow of food. In this regime commodities flowed from American and European producers to the Global South. The most prominent characteristic of this system is the subsidised export of surplus grain from the US (Friedman, 1992; 1993; McMichael, 1992; 2009a).[4] These surpluses were a creation of US government policy and they resulted in huge food exports in the post Second World War era.[5]

In terms of political power, US power was the hegemon that enabled the second regime (Friedmann and McMichael, 1989). The US dollar dominated the system, and this period

[4] These surpluses were a result of the New Deal programme of the 1930s, a programme that was intended to assist family farms by setting the minimum price for farm commodities. After the Second World War, these subsidies were excluded from the General Agreement on Tariffs and Trade and thus ensured the US agriculture was not exposed to competition from foreign imports (Friedmann 1993).

[5] These exports were channelled to the Global South as a result of the introduction of Public Law 480 in 1954. This law allowed the export of food in a programmed dubbed “Food for Peace” that was part of a US strategy to counter Soviet influence. By 1965, more than 80 percent of US wheat exports were financed by food aid (Friedmann, 1992).

also saw the emergence of what is termed as agro-capital as a result of the growth of large grain trading and agribusiness multinationals (Pritchard, 2000). In this regime, the state is considered to be a central actor; mercantilist decisions led to US and European grain surpluses, and states in the Global South sought to take advantage of them in order to provide cheap food for workers in industrialisation programmes. In this context, value relations also played a role in the second food regime (Araghi, 1995; Friedmann, 2009).

The exports of US food surpluses reshaped the global food system.[6] In Europe, the Marshall Plan resulted in the restructuring of the European farming sector and the growth of industrial agribusiness.[7] The import of cheap livestock feeds from the US encouraged the farming of livestock, and the increased consumption of meats (Palat, 2004: 34). As a result, one of the key aspects of the second food regime was the integration of the US and American agriculture sectors into what is described as the Atlantic agro-food sector (Counihan, 2013: 330). However this relationship was contradictory, as both Europe and the US produced food surpluses and over time they began to compete with each other, thus creating a highly competitive world market. The Atlantic system became the "hinge for the reconfiguration of the food relations of Asian, Latin American and African economies. As third world states sought to develop national economies, their agrarian strategies were shaped by the opportunities and limits of world food markets," (Friedmann, 1993: 37).

[6] By 1965, more than 80 percent of US wheat exports were financed by food aid (Friedmann, n.d.)

[7] Forty percent of the aid in the Marshall Plan was in the form of food aid or agriculture inputs such as fertiliser.

In the Global South, the second food regime was associated with what Hobsbawm described as “the most spectacular, rapid, far-reaching, profound, and worldwide social change in global history” (1992: 56). Farmers were unable to compete with the Atlantic agro-food system, and the regime “caught the third world in a scissors” (Friedmann, 1993: 38). As subsidised surpluses were dumped onto the markets of the South, smallholder farmers could not compete and many were forced to abandon farming and seek wage labour in the cities, thus building the reserve army of labour for nascent industrialisation programmes.[8] The smallholder existence was further undermined by the fact that industrial food production in the North was able to substitute the products that had been introduced to tropical regions during the first food regime. This period resulted in what was described by Araghi as “depeasantization”, in which peasants became a minority on the world scale (1995).

The second food regime was predicated on Fordist economic management, a system that sought to create new markets for surpluses (Otero, 2011). This creation of new markets led to contradictions. Subsidised US-European exports fostered the growth of specialisms in certain Southern countries that increased competition in the world market. These are termed as New Agricultural Countries (NACs), and their emergence indicates a departure from Northern dominance and Southern subordination (McMichael, 2009; Bernstein, 2001). As a result of this expansion, the power of corporations over the trade of commodities grew. In a sign that the power of the US state over the food system was waning, the second food regime went into a crisis following the sale of large amounts of

[8] Between 1975-2000 the urban population in the third world increased by 141.8% (Araghi, 1995: 357).

grain to Russia by US companies in 1972.[9]

1.3 The third food regime

Generally there is agreement that during the 1980s there was a transition towards a third food regime (Friedmann, 1992; 1993; McMichael, 1992; 2005; 2009a; Burch and Lawrence, 2009; Pritchard, 1998; Pechlaner and Otero, 2010; Le Heron and Roche, 1995; Bernstein, 2015).[10] This regime is considered to be dominated by corporate power and it has been defined by the general withdrawal of the state's management of food and agriculture, other than in ways that were essential to the mediation of the market. According to McMichael the third regime represents:

> "a new moment in the political history of capital', reversing the political gains of the welfare and development eras, by 'facilitating an unprecedented conversion of agriculture across the world to supply a relatively affluent global consumer class. The vehicle of this corporate-driven process is the WTO's Agreement on

[9] The incident was dubbed by the press as the Great Russian Grain Robbery and it resulted in a threefold increase in prices (Roberts, 2008: 120).

[10] The most appropriate term for the third food regime is contentious. The corporate regime term is slightly misleading as corporations played central roles in the previous systems (Pechlaner and Otero, 2010).

> Agriculture, which . . . institutionalises a distinctive form of economic liberalism geared to deepening market relations via the privatisation of states" (McMichael, 2005: 273).

The third regime was partly a product of the neoliberal ethos, which resulted in a reordering of state-market relations, a process that will be discussed in the next section. In the Global South the third regime led to the internationalisation of food and agricultural sectors. Structural adjustment led to inward flows of foreign capital, and the pressure to earn hard currency meant that export agribusiness was given priority over resources.

In terms of an institutional framework, the third food regime is considered to be anchored by the agreements of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organisation (McMichael, 1992; 2009; Friedmann, 1993). The GATT regime marked the start of the subordination of national sovereignty to a corporate system that privileges free trade and investment (McMichael, 1992). The agreement exacerbated Southern dependency on grain imports by protecting Northern subsidies while removing them in the South. The GATT agreement was then replaced by the WTO in 1995, which further undermined the state's organisation of food regulation at the national scale, and increased the influence of corporations over the agrarian economy (Araghi, 2009; Friedmann, 1992; 1993; McMichael, 1992; 2005; 2009).

One aspect of the third food regime is the emergence of the idea of green capitalism, in which there is an increasing awareness of the source and standard of food. However there is a difference between analysis of the third regime in Northern/Western countries and in the South. Analysis of this regime in Northern countries tends to posit consumer demand for “green and fresh” as being a primary contour (Burch and Lawrence 2009; Le Heron and Roche, 1995).[11] Friedmann argues the environmental movement manifests itself in the third food regime through the emergence of regulations concerning safety, organic food, animal welfare, and fair trade. One definition of the current regime considers that one of its contradictions stems from the tension between the food sovereignty and green movements and corporations (Friedmann, 2005).

In contrast, in the Global South agro-industry has homogenised and denatured food (Le Heron and Roche, 1995). There is also a tension between demands for green and fresh food in the North, and movements for food sovereignty in the South (Friedmann, 2005).[12] As Southern states exported to meet this fresh demand, they also spent increasing amounts importing basic foods, leaving them exposed to fluctuations in the markets in both production and consumption (McMichael, 1992). This bifurcation between the North and South led Araghi to suggest that the third regime is predicated on the transfer of value

[11] I understand this as including organic, “healthy” and sustainably sourced food.

[12] A example of this is the recent demand for the grain quinoa among consumers in the North. The food was marketed as a wonder food due to its high levels of nutritious protein. However the demand led to a sudden increase of the food in producing countries such as South America, where it was a staple. See Blythman, 2013.

from poor to rich, creating a state of “forced underconsumption” in the South. He argues that this has been the cause of food shortages in the South amid abundance in the North and other wealthy regions (Araghi, 2009). According to Araghi: “global value relations of neoliberal globalism are relations of upward redistribution of that value that displace, more than produce, value via a bifurcated food system based on “cheap reproduction” and coerced underconsumption on the one hand and privileged consumption (green or otherwise) on the other hand,” (Araghi, 2009: 142).

One of the most provocative notions associated with the third food regime is the dominance of exchange value of food over use value (Moore, 2010; van der Ploeg, 2008). A lucid analysis of this came from van der Ploeg who considered that value has been reworked by the commodification of new stratas of agrarian life, and that access to these domains has itself become a commodity (van der Ploeg, 2008: 88-89). Under a system that privileges use value, the factory or the field is the space in which value is defined, based on the quality of the product and other characteristics. In the present regime the privileging of exchange value has meant that the place of production has become the commodity, rather than its ability to produce the commodity. According to van der Ploeg “its (food) value is, above all, that it is an (exchangeable) asset in a global enterprise that aims at large and growing market quotas, which in their turn allow, for example, the possibility of attracting additional flows of capital, high share prices and/or the opportunity of further expansion,” (ibid: 88).

A main driver of accumulation in the third food regime is the development of technology such as genetic engineering (Pechlaner and Otero 2008). Accompanying this process is a regime of intellectual copyright protection that is enforced through institutions such as the WTO. For Global South countries the nature of this technology tends to sustain dependence on the North. According to Pechlaner and Otero: “The policy expressions of neoliberal globalism – trade liberalisation, neoregulation and corporate-friendly IPR (intellectual property rights) – have provided the means for important linkages between the neoliberal regulatory thrust and biotechnology,” (ibid: 366).

The food price crisis of 2008 is considered to be a major event in the third food regime as it signals the system’s inability to provide cheap food (McMichael, 2009, Moore 2010). In contrast to Pechlaner and Otero, Moore argues that the corporate food regime is defined by the absence of a scientific and technological revolution that raised agricultural output and labour productivity.[13] He posits this as an indicator of the difference between the corporate food regime and the second regime, which was characterised by the Green Revolution.[14] He argues that this is a consequence of the nature of neoliberalism, which has led finance capital to extract value without productive investment. Moore also suggests that the food price increase was a result of finance capital replacing productive long-term investment with short-term speculation on asset bubbles such as food commodities.

[13] In US agriculture, labour productivity fell by a third between 1980 and 2004, relative to the postwar period (Moore, 2010: 244).

[14] The Green Revolution is a term for agricultural technology in the form of pesticides, hybrid strains and fertilisers. The advancement saw a huge increase in agricultural yields and augmented Northern surpluses, resulting in a fall in the cost of food (Moore, 2010; 236).

McMichael considers the food price crisis of 2007-08 as an event that signals the contradictions that underpin the third regime (McMichael, 2009). He provides context to Malthusian assumptions over food shortages by pointing to the growth in agro-fuel crops, and the manner that this diverts agricultural output from food to industrial use. As a result he argues that this event marks the start of a period of crisis, in which the market's ability to govern the distribution of food may be challenged by social movements. According to McMichael: "Food sovereignty movements politicize the current trade regime, revealing the complicity of states in incorporating agriculture into the reproduction of capital, rather than sustaining it as a site of social and ecological reproduction," (ibid, 2009: 93).

Food regime theory has been subject to several critiques, especially in its formulation of the third food regime. One of the main criticisms is that geography has been neglected and this will be examined in a section later in this chapter. Other than this issue, food regime theory is often accused of forcing disparate historical events into simplified periods, which overlook the heterogeneity of the development of capitalist agriculture. Perhaps the most noteworthy remark came from Goodman and Watts, who argued that food regime theory's tendency to erase the division between agriculture and industry is problematic. They argue that the concept relies on too few commodities and too few countries; creating a framework that is simplistic and essentialist. According to Goodman and Watts: "questions of coherence similarly arise with respect to the genesis of new food regimes, notably the tensions between the structural logic of mimetic replication across different social formations, and the role of friction and contingency in the emergence and reproduction of the regime's structure of governance" (1994: 38). According to this criticism, the food regime argument underestimates the role of small farms in particular locations, and there is insufficient evidence to show that they are being subsumed by non-agricultural and finance capital.

A riposte to this criticism came from Araghi, who argued that the critique of Goodman and Watt was “symptomatic of the postmodern turn towards abstract particularism and depoliticised micro-narratives” (2003: 50). Campbell and Dixon also responded to this criticism by accusing it of having “substantially misunderstood the latest potential” of the concept. They argue that contrary to it being a simplifying narrative, it reemerged in the 1990s in a response to the linearity of accounts of capitalist development, and the possibility that food regime periods include social agency. According to Campbell and Dixon: “the key structuring relationships at the heart of a food regime can be reset, inverted or emerge in totally new forms,” (2009: 264).

However these responses notwithstanding, Goodman and Watts undeniably have a point when they argue that the food regime concept can slip into oversimplification. According to them the global food system is a “much more nuanced and heterogeneous map of commodity filières within the agro-food system” (1997: 11). As this thesis will illustrate, the third food regime in Egypt adopts a particular modality in which the corporate food system cohabits with a system controlled by the state and a smallholder/subsistence food system. Moreover, in another feature of this modality, Gulf capital has played a role in relaying the multinational brands and homogenous practices of global agribusiness into Egypt.

Another criticism of food regime theory came from Bernstein, who examined the “peasant turn”, a term he uses to describe the insertion of the food sovereignty movement into the notion of the third food regime (2015: 25). He argues that there is inadequate evidence of the role of this movement, and that food regimes risk becoming a binary between smallholder and corporate farming. According to Bernstein: “investigation of complex and contradictory realities is displaced by verification of the definitive vices of agribusiness and virtues of small-scale farmers,” (ibid: 25). Bernstein argues that this creates a bias, and trends or developments that do not conform with food regime concept are ignored.

One relevant remark is Pechlaner and Otero’s conclusion that food regime theory would benefit from the addition of case studies in order to “disaggregate the large abstractions and macro-structural focus of world-systems perspectives within food-regime analysis,” (2010: 204). They suggest that the nation state should become the concept’s main unit of analysis, in order to provide a methodology that can asses the formation of social consequences of capitalist agriculture.

In light of these criticisms, one useful way of understanding the third food regime is to consider it as divided into three different competing and overlapping constellations: capitalist farming, peasant farming and entrepreneurial farming (van der Ploeg, 2008: 3). Van der Ploeg argues that these constellations are interconnected. Firstly through “short and decentralised circuits”, secondly by multinational corporations that operate across the world, which he refers to as “Empire” (ibid). According to him the relations between the constellations, and the circuits that link them, are in a constant state of movement as a result of competition and contestation. According to him: “Empire is not only an emergent and internally differentiated phenomenon; it is, above all, the interweaving and mutual strengthening of a wide range of different elements, relations, interests and patterns,” (ibid: 4).

1.4 The third food regime and neoliberalism

The transition to the third food regime stems from the increasing influence of neoliberal ideology over economic policy in the 1970s. Given that the term neoliberalism suffers from a lack of definition, and it is sometimes used amorphously and reductively, a brief definition is valuable. It also allows an illustration of how the third food regime was an outgrowth of neoliberal ideology, rather than a tautological definition of the same manifestations. The neoliberal period has also had consequences on several areas that are relevant to this thesis, particularly the role of the state.

Neoliberalism is an ideology that grew out of the Austrian school of economics and was formulated by economists such as Friedrich Hayek, Milton Friedman and Karl Popper (Jessop, 2002; Harvey, 2005; 2003; Saad-Filho and Johnston, 2005; Bayliss et al, 2016). It is essentially defined by its opposition to all government intervention in the economy other than in forms that ensure the maintenance of the market, uphold private property, protect capital and the institutions upon which it relies (Harvey, 2003: 157).

Neoliberalism was “an isolated and largely ignored corpus of thought” for several decades

(Harvey, 2003: 157). It was not until the economic crisis of the 1970s that the ideology became influential at the level of government policy. Some of its most influential proponents were former British prime minister Margaret Thatcher, and former US president Ronald Reagan, who launched a revolution against the state-centered Keynesian economics that had dominated government policy for decades. The praxis of neoliberalism resulted in policies that cut social spending, privatised state-owned assets, and liberalised economic transactions (Jessop, 2002: 454).[15]

This ideology became influential in international institutions such as the IMF and World Bank, and its adoption resulted in what has been referred to as the “Washington Consensus”, a manifesto representing the market oriented policies of neoliberalism (Williamson, 2004). These institutions presided over a radical restructuring of Global South states, enabled by the debt crisis of the 1980s (Hanieh, 2011: 48). During the 1970s, many Third World countries had accumulated external debts in US dollars, partly as a result of the cost of fuel imports following the 1973 oil shock. The rapid increase in the level of debt was also a result of the “Volcker Shock”, a 1979 decision by the US Federal Reserve to hike interest rates.[16] As a result, repayments soared and states were pushed to the verge of bankruptcy. The IMF offered these beleaguered governments bail-out loans, and debt rescheduling, on the condition that they implement structural adjustment policies. The

[15] One of the first laboratories for these policies was Chile, in which the imposition of free market reforms was preceded by a military coup that removed a democratically elected government, an early indicator of the relationship between neoliberal ideology and authoritarianism.

[16] The Volcker Shock was named after the chairman of the board of the US Federal Reserve Paul Volcker. The decision was a core aspect of the neoliberal turn and strengthened the US dollar by attracting capital to deposit in US banks.

consequences of these policies and the forms in which neoliberalism has taken across the state system are variegated. They are clearly identifiable in Egypt, and the next chapter will illustrate how these policies marked the start of the corporate food regime in the country.

Of particular relevance to the food and agriculture sector is the manner in which neoliberal policies led to capital's increased extraction of value from activities of social reproduction (Bayliss et al, 2016; Moore 2010). As a result of privatisations and structural adjustment, the state withdrew from its social management of services such as water and healthcare. In the agriculture sector these policies led to a decrease in state investment in agriculture, and between 1980 and 2006 public expenditure on agriculture in the Global South fell by 50% (McMichael, 2013: 55). Land allocations were reorientated from small farmers to agribusiness, credit banks were closed, and state subsidised inputs were stopped. This withdrawal created a vacuum that was filled by private capital. Moore considers this as a response to the exhaustion of frontiers of uncommodified nature, which forced capital to seek new areas of accumulation: "Instead of looting the gold and silver of the Americas, as in the classic era of primitive accumulation, finance capital in the neoliberal era worked to extract maximal wealth from the "real economy," (Moore, 2010: 230).) One manner in which capital was able to access these areas of social reproduction was through financial instruments such as derivatives and the increase in credit.

This process is closely tied to financialisation, a term used to refer to the growth of the finance sector and its role in non-financial areas of the economy (Lapavitsas, 2013; Fine, 2010; Epstein, 2005: Krippner 2005). Definitions of financialisation vary but essentially it is a “pattern of accumulation in which profits accrue primarily through financial channels, rather than through trade and commodity production” (Krippner, 2005: 174). The result has been an increase in the extraction of profit through financial speculation on commodities and derivatives, the launch of financial products by non-financial enterprises, and the financialisation of industrial and commercial enterprises (Lapavitsas, 2013). One way of viewing the process of financialisation is that it results in production becoming a money-money (M-M) relation as opposed to a money-commodity-money (M-C-M) relation, which has previously defined capitalist relations (Moore, 2014: 298). More generally, financial markets provide a means for cross-border investments as they pool capital, allowing it to penetrate barriers such as national frontiers.

Another feature of neoliberalism relevant to this thesis is the question of the role of the state. As a result of the ideological tenet of the free market, neoliberal policies are sometimes considered to have resulted in the declining relevance of the state (Hardt and Negri, 2000, Robinson, 2004). However, the prevalent view is that the state’s interventions remain central to accumulation, and a process of reorganisation has led to a withdrawal from its social management, while those functions that ensure mediation of the market have been prioritised (Albo, 2004; Saad-Filho and Johnston, 2005; Bayliss et al, 2016; Wood, 2003; 2006). According to Albo: “State apparatuses are being systematically reorganized around a strategy of ‘competitive austerity’ strengthening the economic apparatuses that sponsor the internationalisation of capital while restructuring labour policies to enforce wage compression, pursuing fiscal austerity for social policies while cutting taxes to attract international capital," (Albo, 2004: 109). Another way of understanding the state in the neoliberal period is to consider that one of its main functions is to act as an interlocutor with the global economy (Cox, 1987: 253).

The state's withdrawal from its social management has been uneven. In the case of the agriculture sector, policies that have resulted in the weakening of the smallholder existence have resulted in an increase in unemployment, and the growth of urban slums. As a result the state often has to make interventions in the form of food subsidies, and other forms of expenditure, in order to mitigate the risk of social unrest and environmental exhaustion. According to McMichael: "Displacing the social and intrinsic value of such habitat eventually recycles as monetary costs of resettlement, food shortages and ecosystem depletion for governments and development agencies," (McMichael: 2012, 693).

In order to avoid a dichotomous understanding of state-market relations, this thesis will portray these links as a synthesis of relations that is embodied in a "state-capital nexus". This term essentially refers to "the (internal) relationship between the state and capital in general, and at the level of the world market this brings into view the specific role of the hegemonic state, and of global quasi-state institutions" (Apeldoorn et al. 2012: 474). The synthesis of relations inherent to the state-capital nexus are protean and diverse, and the activities of public and private actors often transcend their formal role. The term was used in the context of food regime theory as a state-finance capital nexus (McMichael, 2013: 58). The role of finance capital is inherent to this construct, as it enabled the mobility that created this alliance between capital and a multitude of actors and institutions. According to Moore: “In the neoliberal era, finance capital could make its hegemony only by entering into a shifting mosaic of alliances with states large and small,” (Moore, 2010: 229). In the case of Egypt, the concept of the state-capital nexus was used by Abdelrahman to describe state institutions and regime cronies who exploit “public assets for personal profit” (Abdelrahman, 2015: 11). Another way of considering this alliance between state power and capital was proposed by Bush, who described it as the “coalition for dispossession” (2011).

In addition to political power, the state-capital nexus also includes shared ideological values regarding government policy and state management. According to Dixon: “The character of this emergent class of finance capitalists in Egypt illustrates not just increasingly intimate state – class relations during the last decade or more, but the workings of finance hegemony as elites are connected globally through institutional centres of knowledge production, prestige and so on,” (Dixon, 2013b: 8).

One important relation within the state-capital nexus in Egypt is the role of the military. As will be illustrated the army mediates access to resources such as land, particularly relevant in the agribusiness sector. The military's relationship with foreign capital has allowed it to fortify its position, when in other states such as China and Turkey, liberalisation has resulted in the military's retreat from the economy. According to Springborg: “Egypt’s foreign suitors, by contrast, have been more supportive of state than market,” (Springborg, 2013: 255). The military’s role in the economy is illustrative of the weakness of the depiction of the state and market as opposed and unrelated spheres.

The dominance of the state-capital nexus has often been explained through the notion of “networks of privilege” (Heydemann, 2004). As a result of the “partial and selective process of economic reform” these networks were able to retain existing benefits and expand into new opportunities created by the privatisations that started in the 1990s (ibid: 79). These networks coalesced around the flow of foreign investment and have often acted as the gatekeepers of the economy. The ability of cronies to portray themselves as capitalists created an image of an economy that was open to external capital flows. However while much attention has been paid to the intrigue that has taken place between domestic elites in the literature on political economy in Egypt, the role of foreign investors in national politics has been given less regard. Networks of cronies are often considered to be domestic and as a result are analysed at the national scale. With this contrast considered, the frame of analysis of these networks should be expanded beyond the national scale to include Gulf capital.

This thesis explains the extent of Gulf capital’s acquisitions by arguing that it has become internalised into Egyptian networks of privilege. However epistemologically it departs from the notion of relations between state and business, which tends to posit cronyistic relations within the nexus as an impediment to an ideal type of market. This approach is based on “deductively deriving models of institutionalised market exchange and inductively generalising from institutional and distributional particularities” (Albo, 2005: 64). In contrast this article considers networks of cronies as part of the social characteristic of the variant of capitalism in Egypt. In this sense the relationship between state and business is not only determined by corruption, cronyism and networks of privilege, but it is a result of the state's expression of class interests.

With this considered an adjunct to this notion of the state-capital nexus is the effect of flows of Gulf capital on class formation in Egypt. GCC investors have entered into an array of relationships with Egyptian capitalists. This offers a range of benefits such as a partner who understands the local market, has the necessary connections with the state, and also legal and tax status. Given the extent of crony capitalism in Egypt, the domestic partners of Gulf capital almost always have connections to the state and this will be illustrated throughout this thesis. As a result the state-capital nexus incorporates the role of Gulf capital in contemporary class formation in Egypt. As will be shown in Chapter Three, financial markets and institutions have provided structure for the relationship between Gulf investors and their Egyptian counterparts. This was submitted by Hanieh when he argued that "the region's capitalist classes have become tied in a fibril web of finance to the reproduction of capitalism in the Gulf," (Hanieh, 2013: 143).

References to the state-capital nexus will be made across this thesis. Each chapter will illustrate the manner in which the accumulation of Gulf capital in the food and agribusiness sector has been predicated on its relationship with different elements in the synthesis of the nexus. In order to avoid accusations that this term constitutes a reification, it should be underlined that the relations that form the nexus are constantly being made and remade and this will be illustrated by this thesis.

1.5 Theory by chapter

The previous sections established a definition of food regime theory and the current regime's relationship with neoliberalism. This section will focus on specific areas of food regime theory that will be utilised in the coming chapters. These chapters will indicate the role of Gulf capital in constructing a third food regime in Egypt, and hence the development of the Gulf-Egypt region in the corporate food system.

Food and finance

Chapter Three will illustrate how financial markets and institutions are structures that have allowed Gulf capital to access Egyptian food and agribusiness. As a result, Gulf capital has played a role in increasing the control of financial markets over the agribusiness sector in Egypt and this has been concomitant with processes such as vertical integration and the principle of exchange value.

Of particular relevance to this thesis is the manner that financial markets and institutions have allowed Gulf capital to overcome spatial and temporal barriers, and incorporate Egypt into circuits of accumulation. This characteristic has been central to the internationalisation of capital since the 1970s (Palloix, 1977; Panitch and Gindin, 2004). According to Hanieh: "The role of finance as a means of overcoming barriers to the motion of capital has been deeply reinforced by internationalization. In this case, finance subsumes barriers to space-time that emerge as capitalism 'conquers the whole earth,'" (2011: 22). In the food industry, finance was behind the restructuring of industry across the Global South (Raynolds et al., 1993). The increasing mobility of capital allowed capital to flow into agro-industry, a process that led to the "demise of a relatively stable form of capital accumulation anchored in nationally regulated industrial economies," (ibid: 1105).

Food regime literature has been augmented by several works that remark on the increasing ownership of agribusiness by financial institutions (Clapp, 2012; Ghosh, 2012; Isakson, 2013; Larder et al. 2015). Some of these works link speculation in financial markets with the food price crisis of 2007-08 (Clapp, 2012; Isakson, 2013).[17] The launch of derivatives allowed investors to speculate on agricultural commodities without the need to hold a physical position of the commodity.[18] In another sign of the growth of financial products across the economy, agribusiness and food companies launched derivatives, but also other financial products such as mortgages and insurance (Isakson, 2013: 17).[19]

[17] These derivatives offer a means to mitigate risk. During the second food regime, the state often offered a means to manage risk by setting prices and subsidising inputs. During the third regime, such protection was often replaced by future contracts.

[18] In the 2000s these derivatives grew rapidly. Between 2003 and 2008 investments in Commodity Index Funds (CIFs), which bundle commodities into an index, of which agricultural products generally represent a third, increased from $15 billion to $200 billion (Clapp, 2012: 8). Between 2005 and 2008, investment in commodity futures contracts doubled to $400 billion worldwide (ibid).

[19] Examples of this include Tesco launching a consumer bank and an insurance company. Cargill, one of the largest grain traders in the world now offers asset management, commodity index funds, insurance, and other funds that bet on real estate, credit and energy (Isakson, 2013: 17).

Clapp considers that a consequence of the growing relation between food production and financial markets is “distancing” (Clapp, 2013). The growth of derivatives separates consumer and producer geographically and socially. According to Clapp, financialisation “abstracts food from its physical form into highly complex agricultural commodity ‘derivatives’ that only seasoned financial traders fully understand.” Elongated commodity chains confuse responsibility over the environmental and social conditions under which food is produced, and further displaces the externalities of consumption.

Many of the works on the deepening link between financial markets and food consider this relation as a process of financialisation, but this thesis will generally refrain from using this term. In some cases there is a tendency to assume that an investment in agribusiness or food production by a financial institution constitutes a form of financialisation, without further elaboration into what this entails. This was pointed out by Bayliss et al: “while financialisation is a core aspect of neoliberalism, it remains not only uneven but also confined in its direct grasp over economic and social reproduction – not everything is financialised even where finance or even just the market is present,” (Bayliss et al, 2016: 26). Another reason why the term is unsuitable for this chapter is that agricultural derivatives are mostly unavailable in Egypt. Moreover, many of the works on financialisation and food are vague regarding the empirical metrics that can be used to measure this process.

Regardless of this point, this thesis will utilise features of the food and financialisation literature. Contrary to being a unifying force, as the ubiquitous usage of the financialisation concept might lead one to believe, the consequences of the acquisition of food and agribusiness by financial markets and institutions is variegated. This is relevant in the case of cross-border investment into funds, stock markets, and private equity institutions, which lead to complex shareholder structures and the obfuscation of foreign acquisition and capital flows. As will be illustrated the internationalisation of Gulf capital into the sector has been undertaken through Egyptian private equity funds. It has also resulted in shareholder structures in which Gulf investors are minority investors alongside private Egyptian investors, and also the Egyptian state. This is a form of the state-capital nexus that was discussed in the previous section, and this synthesis allows Gulf capital to form relations in Egypt within the state but also among domestic capitalists.

The structures and shareholdings created by financial markets is reflected in literature on finance and food. Fairburn’s study on foreign capital’s acquisition of land in Brazil illustrates how the Brazilian state has failed to regulate these purchases as they have been made through financial markets. According to Fairburn: “The capriciousness of global capital makes the foreigner a moving target, difficult to pin down for more than a moment,” (2015: 589). Financial institutions and markets also provide a shield for foreign investors as they mask their identity and outsource the management of their assets to a local company. According to Clapp: “Financial institutions and investors are not typically identified as key players in the food system because their activities are often taking place virtually in financial centers, even before commodities are grown or delivered,” (2013: 11).

Another characteristic of financial markets is the extraction of profit through means other than investment into productive capacity (Isakson 2013; Burch and Laurence 2009). These strategies include asset stripping, and the acquisition and resale of companies after restructuring. This has been legitimised by the “shareholder revolution”, in which the channelling of profits to investors is considered as one the main measures of the performance of an asset (Burch and Lawrence 2009; Moore 2010). Private equity is particularly effective in its extraction of profit, and the model is based on buying and reselling companies; its considerable financial resources have allowed the acquisition of multiple companies and their vertical integration within one portfolio (Rossman, 2010). According to Moore: “Through private equity firms and the principle of shareholder value, there emerged a rapacious “extraction of value” that progressively undermined the opportunities for productive investment,” (Moore, 2012: 243).

Financialisation is considered to have has fuelled the land grab phenomenon (Moore, 2010; Daniel, 2012; McMichael, 2013; Sassen, 2013; Isakson, 2013; Hall, 2010). The launch of funds and derivatives enabled the collectivisation of capital for the purchase of land, which was deemed to be a strong asset class. On a deeper level some suggest that this acquisition of land is an example of the dominance of the exchange value that is associated with financialisation, and it has become an asset class in which its use value has been overlooked (Isakson, 2013, McMichael, 2012). According to McMichael: “Financial speculation renders land and crops increasingly fungible as governed by the price form - at the expense of rational farming of the land for social and ecological sustainability” (McMichael, 2012: 684). According to Isakson speculation is the main concern while agricultural production is secondary: “Financial interest in land is based primarily upon its anticipated appreciation in value, while the value generated by agricultural production is perceived as an added bonus,” (2013: 19)

Land grabs

Chapter Four will posit Gulf capital as a central actor in several large land reclamation projects in Egypt, schemes which fit under the definition of land grabbing. There is broad agreement that a characteristic of the third food regime is the increase in foreign acquisition of land (McMichael, 2013; 2012; Araghi and Karides, 2012; Zoomers, 2010; Hall, 2013; Cotula, 2012). The term land grab is contentious; some of the research on land grabs has been accused of suffering from a weak methodology, and there is still some question over how much land on the global scale has been subject to foreign acquisition (Oya, 2013, Cotula, 2012).

In Egypt these areas of reclaimed land act as a productive land base for export markets and agro-processors. The control of agribusiness companies over these areas of land creates what is described by Cotula as a “close circuit” system, in which flows of commodities are restricted to agribusiness systems (Cotula, 2012: 673). In a similar vein, McMichael argues that the agro-industrial complex is a driver for land grabbing. According to him, the complex: “deepens agro-industrialization as a force for reordering land and water-use across the world via considerations of power and profit, at the expense of agricultures prioritizing local social and ecological reproduction criteria and the management of ecosystems," (2010: 1).

Another feature of these projects that will be discussed in Chapter Four is the food security rhetoric. Gulf investors often vaguely use the term food security in order to justify these investments, despite the fact that the commodities produced on these farms are channelled to agro-industry such as meat and dairy farms. This rhetoric justifies the acquisition of large tracts of land on the basis that agribusiness has a higher productivity. According to McMichael: "The unifying ideology is that lands occupied (farms) or accessed (commons) by smallholders and pastoralists are low-yield and underutilized lands that, with capitalization, can improve rural incomes and address the global food security problem underscored by the current 'food crisis,'" (McMichael, 2012: 683).

McMichael considers that these land grabs are an example of the contradictory nature of the third food regime, one that is visible in the case of the Gulf states and Egypt (2013). One one hand, the investments that have been made into Egypt by the Gulf rely on the principle of liberal trade that is promoted by agreements such as the WTO. On the other hand, land grabs that have been made by state capital, or companies with very close links to the state, undermine the principles of free trade, and suggest that there is declining faith in the ability of the market to ensure food security. According to McMichael: "Instead of market rule under WTO auspices, organized by TNCs around the principle of 'comparative advantage' (including Northern subsidies), the food regime geography associated with this part of the land grab approximates a set of bilateral arrangements organized by states and/or sovereign wealth funds," (McMichael, 2013: 52).

Several scholars have pointed out that such large scale foreign land acquisitions represent the “foreignisation of space”, which inheres questions of geography and space (Zoomers, 2010). Sassen argues that this process represents the disassembling of national territory and the creation of a “global operational space that is partly embedded in national territories,” (Sassen, 2013: 43). McMichael describes the land grabs as “pivoting on a dialectic” between reterritorialisation by some states through investment in offshore production, and deterritorialisation as the host states lose control over land and water (2013).

Chapter Four will examine the politics behind the allocation of land to Gulf investors. The politics of land grabs are considered to be diverse, and the interaction between investor and host often comprises of certain expectations (Sassen, 2013; Margulis and Porter, 2013). For the domestic audience in the host state, such investments are justified through the promise of job creation or other forms of development (Da Via, 2011). The host government is often encouraged to continue opening up state land to such investments in the hope that it will encourage foreign investments, and increase access to hard currency through the export of cash crops (McMichael, 2009). These investments are sweetened by the development of infrastructure adjacent to these projects and often the land is leased or sold at below market rates (ibid). Sassen argues that these land grabs are against the interest of “national capital”, and that such investments are undertaken by the “executive branch of government that is getting aligned with global corporate capital,” (2013: 44). Margulis and Porter argue that the host countries bear agency for the consequences of investment in land. According to them: “Southern states are major players, as investors, in protecting or abusing their own populations, and in negotiating strong or weak international rules. This introduces more complex dynamics into the transnational political process: Southern states are not “victims” seeking to rebuff the North,” (2013: 16).

The Gulf states have invested in land reclamation projects on the basis that they can secure their domestic food security. As will be discussed in Chapter Four, this stated aim is disputable as much of the produce from these projects is sold to the market and used in supply chains for agro-industry. Aside from land reclamation, more generally this thesis argues that capital from the Gulf has constructed a corporate food system that is detrimental to Egypt's food security, and the notion that the market can safeguard food security is problematic.

Understandings of food security are contested. There is friction between the principle of individual food security and national food security. While a nation may have obtained aggregate food security this does not ensure that an individual has access to food (Gross et al, 2000: 9). Another consideration is the affordability of food, a reflection of societal inequality. As a result food security is considered to be a “manifestation of the social and political construct,” (ESCWA, 2010: 9). Arguably, the issue of affordability is linked to the increasing role of the market in food provisioning, a process that has been encouraged by IFIs. For example, policy recommendations argue that agricultural land should be used to grow export crops, which can earn hard currency that can be used to buy commodities on the international market. The World Bank's report on food security in the Arab region in 2009 advocated this strategy: “High-value crop production gives landowners more entrepreneurial opportunities, creates more employment for women and landless workers, and raises agricultural wages ... This would increase dependence on imported cereals, but it would also generate more foreign exchange from high-value crop exports that would cover the cost of additional cereal imports,” (World Bank, 2009: 39).

This thesis will adopt one of the most common definitions of food security, due to its application of the concept of food security as a universal right. In 1996 the Food and Agriculture Organisation (FAO) stated that: “Food security, at the individual, household, national, regional and global levels (is achieved) when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life,” (FAO n.d.). This thesis also considers that food security is ensured through food sovereignty, a position that was adopted by the FAO in 2012. According to the peasant's union Via Campesina: “Food sovereignty is the right of peoples to healthy and culturally appropriate food produced through ecologically sound and sustainable methods, and their right to define their own food and agriculture systems. It puts those who produce, distribute and consume food at the heart of food systems and policies rather than the demands of markets and corporations,” (Harrigan, 2014: 12-13).

Agro-industry

Chapter Five examines the role of Gulf investment in restructuring Egypt's agro-industrial sector. The term restructuring is a reference to capital's internationalisation of production, and general reorganisation that followed the crisis of the 1970s. Restructuring of agro-industry is considered to be a feature of the third food regime (Goss and Burch, 2001; McMichael, 1992; 1997; 2000; Friedmann, 1992). In the Global South the grain surpluses of the second food regime provided cheap feedstock and other inputs that enabled the development of agro-industry (Friedmann, 1993). This created what is termed by food regime literature as New Agricultural Countries (NACs) and examples of this are Thailand and Brazil (Goss and Burch 2001; McMichael 2000). Restructuring is also considered to be a result of structural adjustment that opened Southern countries to increased foreign investment and placed greater emphasis on exports, a process that drove agro-industrialisation (Goss and Burch, 2001; McMichael 1997). Agro-industry has resulted in food production becoming integrated at the global scale and the "peoples of the Third World have been incorporated or marginalized - often simultaneously - as consumers and workers" (Friedmann, 1992: 379).

The restructuring of agro-industry is founded on increased control over the supply chain, land, and water resources (van der Ploeg, 2008). In the case of the livestock complex, the incorporation of developing world countries in the 1970s, resulted in intensifying pressure on subsistence production as multinationals were able to undercut smallholder farming (Friedmann, 1992). Traditional farmers lost access to markets as they were unable to compete with the technology and veterinary care of corporate production.

Agro-industry is associated with two forms of control over the supply chain. Vertical integration is a strategy that seeks to cut costs by acquiring a portfolio of companies that extends across the supply chain. Often this is undertaken through mergers and acquisitions of other companies enhancing profitability, increasing control and allowing consolidation (Ismail, 2009: 180). Disintegration is the process of externalising the supply chain through contract farming, allowing agro-industry to displace risk, finance its activities through delayed invoice payments, and reduce costs through labour casualisation (Watts, 1992; Goodman and Watts, 1994; 1997). Although these contracts are often represented as a means in which smaller farms can raise their income, the reality is often immiseration. This form of flexible accumulation relies on debt relations to subordinate producers, and the "self-exploitation" of the family unit in order to increase output. According to Watts: "Contract farming is less a means to underwrite the preservation of small-scale commodity production, than rather a vehicle to … deepen the process of appropriation by which rural production processes are converted into industrial products by agro-industrial capitals," (Watts, 1992: 91). In the case of Egypt, Dixon argues that the country's emergence as a NAC was dependent on disintegration, as much as the process of vertical integration. She argues that: "processes of informalization in Egypt have come to reproduce and limit the reproduction of corporate food – and Egypt developed and grew as an NAC through this tension," (2013a: 56).

Another characteristic of agro-industrialisation is the bifurcation of diet in which richer markets are provided with fresh food, sometimes organic or highly regulated, while poorer markets are provided with industrially produced durable foods, often lacking in nutrition or poorly regulated (Le Heron, 1995). The power of agro-industry is also reflected in the fact that industrial inputs are grown in place of table crops, and as a result humans have to compete with livestock within the food market. According to McMichael, the shift towards capital intensive agro-industry “privileges the exchange value of food over its use-value and enhances bio-industrialization which is pivotal to production and marketing flexibility in agro-food systems,” (1992: 351). Moreover, biotechnology offers agro-industry the opportunity to reconfigure itself. Inputs that were previously field based can be replaced by industrially manufactured products, its outputs can be expanded by biotechnology to include new products (Friedmann, 1992).

A consequence of the intensity of the agro-industrial complex are the spread of viruses, ecological exhaustion, and disruption. An important aspect of the second food regime was the Green Revolution, which increased agricultural yields significantly. A characteristic of the third regime is an ecological and environmental barrier to this technological fix referred to by Jason Moore as the “superweed effect,” (Moore, 2010: 226). Moore quotes Wallis as saying “the more (capital) ‘tames’ natural processes, the more they spin out of control, provoking new and more aggressive taming measures with increasingly disastrous effects,” (Wallis 2000: 505, as cited in Moore, 2010). The cited example of this is the US superweed phenomenon, in which years of herbicide use has resulted in the evolution of weeds that are resistant to chemicals, which is now impacting yields of wheat and soybeans.

In the case of the agro-industrial complex in Egypt the superweed effect is represented by the devastating outbreak of H5N1 Avian Flu and other viruses. This has led to the development of what Dixon describes as the biosecurity regime, a strategy to increase market shares by segregating its production from the animal and human population in a time of viral crisis (Dixon, 2015). As a result agribusiness has sought to relocate farms deeper into the desert, thus opening a new spatial frontier. She also frames the process as an ecological one and argues that the biosecurity regime gives insight into “nature-society relations” in which capital’s attempt to tame nature resulted in unintended and unwanted consequences.

Fast food and supermarkets

Chapter Six illustrates the manner in which Gulf capital has invested in Western supermarket and fast food chains. The role of retail and supermarkets is not given much attention within food regime literature, and as a result this thesis utilises other related areas of theory. One relevant area of work examines the expansion of multinational supermarket brands into the Global South, a process described as the “supermarket revolution” (Burch and Lawrence, 2009; McMichael, 2009; Humphrey, 2007; Reardon et al, 2003; Wood et al., 2014). This thesis posits Gulf capital as being a central agent in the internationalisation of Western retail brands into Egypt, and it has therefore been an actor in the supermarket revolution.

As will be illustrated in this thesis, establishing a supermarket requires considerable political and logistical organisation. An important task is the foundation of a supply chain sufficient for a large supermarket (Humphrey, 2007). One strategy has been to operate a disintegrated supply chain and to enter into direct agreements with suppliers, allowing them increased control over the cost and standard of their supplies. As a result, the expansion of large supermarket chains has often come at the expense of workers and suppliers, and supermarkets can access capital at virtually zero cost (Burch, and Lawrence, 2009: 277). Such contracts also place a downward pressure on prices and thus makes it difficult for smaller farmers to benefit from their position in the supply chain due to their inability to “scale up”. Another aspect of this supply chain is its hegemonic role in the implementation of environmental and safety regulations during a period of deregulation (Marsden, 2000). One way of understanding these strategies is to consider them as a process of embedding into the new space (Coe and Lee, 2006). Embeddedness is achieved through introducing different brands, deepening its supply chains and by offering different products such as financial services.

The internationalisation of retail capital into the South has been the subject of several case studies. Nguyen argues that in Vietnam, the entry of Northern retail capital is likely to put pressure on domestic retailers (Nguyen et al 2013). She illustrates the manner in which foreign companies were able to access the Vietnamese market as a result of de-regulation that was associated with WTO membership. Okeahalam and Wood use a case study of the expansion of a South African supermarket chain into other markets in Africa to illustrate the manner in which retail capital entering new markets must balance the advantage of being early entrants to new markets with the higher risk profile of “emerging” markets (Okeahalam and Wood, 2009).

Evident in many of these case studies is the need of international food retailers to deal with the hostility of domestic retailers and feelings of nationalist sentiment amongst consumers. The failure of Carrefour in Japan and Sainsbury's in Egypt suggest that companies must consider numerous factors in their consumer relations and internal management. Aoyama focusses on the entry of Carrefour and Wal-Mart into Japan, and argues that these companies faced a contradiction between standardisation and localisation, which resulted in their unsuccessful expansion into the country (Aoyama, 2007). The local specifics of new markets represents a significant barrier to transferring "oligopoly" into new markets. She argues that: "Geographically, contemporary globalization involves varying scales at different levels of market engagements ... Because retailing directly engages day-to-day habits such as food choices and the diet, it is difficult to conceive of standardization to become the norm in the near future," (ibid: 487).

1.6 Literature on food and food regimes in the Middle East

The Middle East and Arab World generally has received little more than a passing comment within food regime theory. Given its world-historical nature the dearth of region and country specific studies is not surprising. However regions such as Southeast Asia, South America, and Australasia have been subject to case studies with a food regime perspective. Given that Arab countries are some of the biggest importers of grain in the world, the gap in the literature is conspicuous. However there are some exceptions;

Dixon's work on the corporate food system in Egypt is a comprehensive application of food regime theory to a Arab state. (Dixon, 2013a). She illustrates the manner in which corporate food system has been constructed in Egypt through the restructuring of agribusiness (2013).

Other than food regime literature, there is a large field of literature on contemporary Egyptian agriculture (Sadowsky 1991; Bush, 1995: 2007; 2012; Bush and Bromley, 1994; Dixon, 2013a; 2013b; 2015; Mitchell, 2002; Hinnebusch, 1993; Hanieh, 2013). In a series of articles Bush posits free market reforms, such as the lifting of rent controls and the liberalisation of inputs, as the cause of poverty and the crisis of Egypt's agriculture sector (Bush, 1995; 2007; 2012; Bush and Bromley, 1994). In Rule of Experts, Mitchell submitted a extensive work on Egyptian agriculture and a history of the country's capitalist development. Starting with the British colonial period, Mitchell traces the exploitation of Egypt's nature through technological fixes such as irrigation, pesticides, and industry. He provide a postcolonial perspective that challenges the determinism of some accounts of capitalist development: "capitalism … has no singular logic, no essence," (Mitchell, 2002: 303).

In Lineage of Revolt, Hanieh provides an important contribution to the field by examining the Egyptian agriculture sector in the same context as other North African states. He argues that neoliberal reform has led to the growing levels of inequality that were behind the Arab uprisings of 2011. Contrary to the view that the Arab spring took place because of a lack of free market reform, he argues that they took place because of these policies.

According to Hanieh: “the development of capitalism in the region has produced highly polarized outcomes - a tiny layer of the population benefits from its control over key moments of accumulation and is linked closely to international capital, alongside a growing mass of poor, dispossessed populations across rural and urban areas,” (Hanieh, 2013: 174). Hanieh gives considerable coverage to the internationalisation of Gulf capital into North African agriculture, and as a result his monograph provides a point of departure for this thesis.

This thesis responds to a lacuna within the literature on the neoliberal transition of Egypt’s agriculture. With the exception of Hanieh, the works on Egypt provide little focus on the role of the Gulf. Rather, there is a marked focus on the role of Western capital and institutions. Bush argues that the emphasis on market access in the free markets reforms will favour the “interests of US and EU capital,” and that the policy of institutions such as the World Bank and IMF does not prioritise issues such as “local food security, national development or poverty amelioration,” (Bush, 2007: 1613).

Other works mention the role of Gulf capital, but do not fully illuminate the structural implications of its flow into Egypt. Mitchell discusses the Toshka project and the role of Prince Al-Waleed bin Talal Al-Saud. However the reader is left with the perception that this project was outwith a capitalist logic and that it was primarily determined by the whims of former Egyptian president Hosni Mubarak. According to Mitchell: “Toshka was the object of a ruler’s desire, as he passed his seventieth birthday, to build something by which his rule would be remembered, a fairy tale to be fulfilled with the help of a billionaire prince and the bankrupt owner of Superior Seedless grapes. These dreamlands are the places of desire that global capitalism cannot contain," (2002: 303). Such a depiction appears to conclude that Toshka was a failure or a white elephant, yet the project had consequences for the management of natural resources that continue to resonate today.

Other works tend to treat foreign capital as external to the frame of analysis. Dixon's argument tends to a reification of the national scale. In her PhD thesis she makes repeated references to multinational and transnational companies, and acknowledges that they comprise of European or Gulf capital but she does not elaborate further. She also makes a reference to Egyptian finance capital when describing Egyptian institutions that comprise of Gulf capital, such as Citadel Capital (now known as Qalaa Holdings). She argues that this capital is opening a new frontier in Sudan as a result of its investments in land reclamation. According to Dixon: "The southward expansion of the ecological frontier for capital's expanded reproduction since the 2007– 2008 crises reflects in part the growth of Egypt's corporate agri-food system," (2013b: 13). Based on this, one might assume that Egyptian capital is at the centre of an emerging Middle Eastern region in the third food regime, rather than Gulf capital.

This thesis also intends to reframe the issue of food security, which has dominated literature on agriculture and food in the Middle East. Over the last decade food security in the Middle East has been the subject of a number of academic studies and policy reports (Woertz, 2013; Bailey and Willoughby, 2013; Harrigan, 2014; Elhadj 2005). These works have brought attention to the food insecurity of the Arab states but they have tended to blur the inequality in food security that exists within the Arab region, and the manner in which the inter-regional trade of crops and commodities can exacerbate this difference. For example, Harrigan treats the region as a whole but does not investigate the inequality that exist between Arab states. Other studies focus specifically on the Gulf states, and create an impression that their food insecurity is the most acute in the region. For example, Woertz's book is entitled "Oil for Food: Global Food Crisis and the Middle East" suggesting that it examines the whole region, but rather the majority of his study focusses on the food insecurity of the Gulf states. Other works such as Elhadj promote the Gulf states' policy of food imports based on the theory of comparative advantage.

One problem with approaches to the question of food security is the notion that it can be remedied by export agriculture, which supposedly earns hard currency to buy other types of food on the international market. This technocratic view is unquestioning of its belief in the market's ability to provide sufficient food. It also assumes a level playing field in which the smallest farmers have the same access to resources and state support as the largest agribusiness corporations. A critique of this was submitted by Hanieh who argued that: "neoliberal logic treats the nation as a single unit, and calculates the cost and loss of agricultural change on the basis of price efficiency and quantities of foreign currency earned, ignoring the counterposed interests of various social groups," (Hanieh: 2013: 96).

1.7 The geography of the third food regime

The main theme of this thesis is that as a result of the flow of commodities and capital, relations between Egypt and the Gulf constitute a region in the third food regime. This focus on geography is a departure from the dominance of history within the food regime notion, and it is where this thesis seeks to make an original contribution to the field. This section will firstly examine the inclusion of geography within food regime literature, it will then briefly define the term region, and lastly it will outline how this thesis will approach geography and space theoretically.

One of the main critiques of food regime theory is that geography has generally been eschewed in favour of historicisation. According to Atkins and Bowler (2001: 24): “History has been given priority over geography, while the high level of abstraction is problematic for understanding the historical experience of particular nations and regions” (2001: 24). The biggest detractors of food regime theory have picked up on the lack of geographical application and consider this as confirmation of its over simplification (Goodman and Watts, 1994; 1997). Whatmore and Thorne argue that understandings of globalisation that are implicit in aspects of food regime theory are reductive in their understanding of geography, and they refer to “a peculiarly modernist geographical imagination that casts globalisation as a colonisation of surfaces which, like a spreading ink stain, progressively colours every spot on the map” (1997: 211). Le Heron and Roche made a call for the inclusion of geography in their study of New Zealand’s position in the third food regime (1995). They argued that “we suspect that insufficient treatment has been given to how the investment axes making up each food regime are differentially developed amongst places and articulated, in broad regulatory conditions, into a space for flows,” (ibid: 24).

Arguably, the absence of geography was countenanced by the relatively linear nature of the first and second food regimes and their North-South organisation. However the need to incorporate notions of space within food regime literature has become more acute as the third food regime has splintered into new regions and is multipolar in nature (yet at the same time retained a global unity). This complexity and its implications for geography and space is hinted at within the food regime corpus. Friedmann considers that the transnational restructuring of agro-food complexes has led to the “suppression of particularities of time and place in both agriculture and diets,” (1992: 379). As a result of deepening market relations she considers that the inhabitants of the South are subject to the homogenous consequences of agro-industry on the bifurcation of diet and production relations. According to Friedmann:

> “If this reached its logical end, consumers of corporate food products would be differentiated by class, rather than nation or cultural region. Farms would adapt production to demand for raw materials by a small set of transnational corporations (not a fancied 'world market'), and in order to meet quality standards would buy inputs and services from (often the same) transnational corporations,” (1992: 379).

One way to consider the geographical changes of the third food regime is to examine the replacement of the state’s regulations and laws by corporate regulations (Pechlaner and Otero, 2008; 2009). According to Coles this creates a “kind of borderless space where goods and services flow freely, even across national and international boundaries, so long as they meet pre-established standards, as well as having access to particular certification," (Coles, 2013: 208). As a result governance space has a geographical and economic significance as regulation configures the flow of goods as it is imposed at certain points. These regulations and conventions include technology, risk management, laws, sustainability policies, and health and safety regulations (Le Heron and Roche, 1995). The nature in which these policies are implemented can potentially reveal the development of a investment axis between zones of production and consumption.

The concept of the New Agriculture Country (NAC) inheres geography and space. One NAC, Japan, makes for an interesting case study that has parallels to the Gulf and Egypt. (Friedmann, 1993; McMichael, 2000). In the 1980s the high cost of raw materials and labour pushed Japanese agribusiness companies to develop offshore platforms in the beef industry in Australia, and the poultry and agro-food complexes of Thailand. McMichael points out that as the cost of feed increased in Thailand, Thai producers in turn also made offshore investments in China, Malaysia and Taiwan. McMichael argues that this is a core that has eclipsed the Northern dominance of the second regime and this "presents a new pole around which regional and global, food trade concentrates - displacing the centrality of the US 'global breadbasket.'' In other words, the East Asian food import complex is one central node in a global regime forming around corporate, rather than state-driven, agro-food markets," (McMichael, 2000: 421).

NACs are new powers that have reconfigured the flow of commodities and capital, and exert their own modes of regional power. Margulis and Porter consider that land grabs made on South-South contours are an example of the multipolarity of the present system, which they illustrate as complex and defiant of a “core-periphery” framework (2013). As examples of this they point to Brazil, which has acquired land in Africa with the support of the Brazilian state, yet itself is also subject to large scale acquisitions of land by foreign investors (ibid: 7). According to Margulis and Porter: “more complex sets of relationships are replacing old power relationships between North and South or between a US-led capitalist West and state-centric regions elsewhere,” (ibid: 8).

In response to the idea of a pole within the corporate food regime, this thesis will refer to the relationship between the Gulf and Egypt as a region. But what do I mean by this concept? Relations between the Gulf and Egypt already constitute a region in a variety of ways. Egypt and the GCC states are part of the Arab region, and they share historic, cultural, and religious characteristics. There are extensive economic ties and hundreds of thousands of Egyptians are employed in the Gulf. In terms of agriculture, some works consider that a region can be defined by similarities in agricultural practices or a specialisation in the production of certain commodities (Fitzsimmons, 1997: 115). This thesis uses the term region in reference to the flow of commodities from Egypt into the Gulf, investment flows from Gulf conglomerates into Egypt and the transfer of profits back again. Other aspects of this region include a form of state-capital relations and on a more abstract level the flow of tastes and consumer practices.

In order to avoid a shallow and reifying treatment of this region and its implications, this thesis will theorise space through the concept of scales. Scale refers to the global, regional, national and sub-national levels at which capital is organised and defined by social relations, struggle, state power and other characteristics (Brenner et al, 2003). A significant question is the relation between these scales, especially given that since the 1970s, globalisation has resulted in the state becoming a more complex, incoherent space, “it seems to be leaking, and thus the inherited model of territorially self-enclosed, state-defined societies, economies, or cultures is becoming highly problematic,” (ibid: 3). One way of responding to this is to consider the relation between scales as interconnected and interdependent. Moreover these scales are responsive to the territorialisation and reterritorialisation of capital and are therefore fluid (Brenner, 1998). Brenner argues that: “Spatial scales constitute a hierarchical scaffolding of territorial organization upon, within, and through which the capital circulation process is successively territorialized, deterritorialized, and reterritorialized,” (ibid: 464). According to Swyngedouw: “the production of space through the perpetual reworking of the geographies of capital circulation and accumulation junks existing spatial configurations and scales of governance, and produces new ones in the process,” (ibid, 2000: 68).

With this in mind, the relation between the Gulf and Egypt constitutes a regional scale of accumulation with the GCC at its core.[20] This was described by Hanieh as follows: “the Middle East needs to be seen as more than just a simple agglomeration of nation-states, but rather as a set of ‘internally related’ social relations that striate national borders. Class

[20] The core of this region was illustrated by Hanieh’s notion of Khaleeji Capital (referred to in this thesis as Gulf capital) (2011). Hanieh shows that Gulf capital has internationalised and three capital circuits (productive, commodity and financial) are in motion through the Gulf region. These are represented by financial institutions and conglomerates that have a pan-GCC ownership but also by a maturing and deepening of capitalism within the region. According to him: “the social relations underpinning Gulf capitalism are increasingly interlocked across the Gulf states, and capital comes to conceive its accumulation from the perspective of the GCC as a whole,” (Hanieh, 2011: 23).

and state formation at the national scale both reflect this interlacing of social relations, while simultaneously help to produce the ‘regional,’” (Hanieh, 2013: 241). This region is dependent and is constituted through the territorialisation of capital at the national scale in Egypt. In agribusiness, Gulf investment has capitalised the sector and spatial reorganisation is manifest through the supply chain. This is a theme that will be illustrated throughout this thesis. This concept of scales can be augmented by the concept of value transfer, and this thesis will argue that these scales are interconnected through this transfer. In this sense, rural areas of Egypt, places of malnutrition and poverty, are linked to cities in the Gulf, places of wealth and opulence, through these spatial scales.

Lastly, a further way of theorising space is to consider its relation with crisis. Harvey’s notion of the spatial fix is relevant to this thesis. Put simply Harvey considered that capital has a “insatiable drive to resolve its inner crisis tendencies by geographical expansion and geographical restructuring,” (2001: 24). Harvey mainly considered that this crisis would arise as a result of overaccumulation but I will use it in reference to environmental exhaustion. As this thesis will illustrate, a response to this crisis is the relocation of fixed assets into new frontiers of land in the desert. In addition to a spatial resolution of crisis, Harvey also emphasised a temporal fix, in which surplus capital can be absorbed through investment in long-term projects such as education and fixed capital (Jessop, 2002). At the same time, spatial expansion requires other forms of temporal fixes such as investment in technology and transport. The root of the concept of a spatio-temporal fix was Marx’s observation that: “capital by its nature drives beyond every spatial barrier. Thus the creation of the physical conditions of exchange – of the means of communication and transport – the annihilation of space by time – becomes an extraordinary necessity for it," (Marx, 1973: 524).

1.8 Conclusion

This chapter has provided a theoretical foundation for the remainder of this thesis. It has also provided a literature review that has illustrated the lacuna to which this thesis will respond. This lacuna consists of two main dimensions. Firstly, the role of Gulf capital in constructing a neoliberal corporate food regime in Egypt has largely been omitted from much of the literature on contemporary capitalist agriculture in Egypt. Secondly, geography and space has been given insufficient attention by the food regime concept (the existing contributions to the field notwithstanding). By responding to these two gaps this thesis seeks to illustrate that the third food regime has been restructured in the Global South through regions or poles such as the Gulf.

This chapter has also served to provide a theoretical foundation for three main themes that will be traced throughout this thesis. Firstly, Gulf capital has been a main actor in the construction of a corporate food system in Egypt, as illustrated by the characteristics that will be examined within Chapters Three-Six. Secondly, the Gulf-Egypt region has been predicated on the state-capital nexus, a synthesis of relations between Gulf capital, the Egyptian state, and domestic Egyptian capitalists. This relation is central to Gulf capital's position as the state mediates its accumulation through the allocation of resources, and through other necessary services. This state-capital nexus is diverse in nature and it includes institutions such as the Egyptian military. Thirdly, the Gulf-Egypt region is a spatial scale that has created new spaces of production and consumption in Egypt.

Chapter Two

The creation of a corporate food system in Egypt and the rise of the Gulf

2.1 Introduction

Given that food regime theory is a world-historical concept how can this notion be applied to Egypt? The first part of this chapter will apply the historical periodisation of food regime theory to Egypt and trace its manifestations in the history of the country's agrarian development. The three food regimes can be clearly identified in Egypt. The first food regime in Egypt reached its apex under British occupation, which imposed a monoculture of cotton production and other industrial crops. In the second food regime, Egypt became increasingly reliant on wheat exports from the US and Europe, while its internal capacity to produce food crops for the domestic market was weakened. The third food regime resulted in the retreat of the Egyptian state from the management of the agricultural economy and the rise of the corporate system.

The second, shorter, section of this chapter will provide a historical account of the relationship between the Gulf states and Egypt in the post-Second World War era. Egypt was the primary Arab power, but this has been replaced by a system in which the Gulf states, led by Saudi Arabia, are more dominant. Within Egypt, this shift has been concomitant with increasing political and economic influence on behalf of the GCC states, and this section will examine the regional and global politics that played a role in this transition.

This chapter is not intended to feature a full account of these historical phases. Academic work on these areas has been substantial, and contemporary Egyptian studies is rich in works on history, agrarian studies, political economy, and international relations. This chapter aims to chart some of these works and provide a historical frame for the main arguments that will come in the subsequent chapters of the thesis. This section will also serve to reference some of the works within the field in order to further define the lacuna that this thesis will redress.

2.2 Food regimes in Egypt

The historical phases of food regimes are characterised by transnational patterns in the flow of capital and commodities. Uniting these phases is the commodification of nature and the opening of new frontiers, themes that are present in all of the three food regimes in Egypt (Moore 2010; 2014; Dixon, 2013b). The opening of new frontiers has been facilitated by technological fixes that have required further applications of technology (Mitchell, 2012). This “rule of experts” over Egypt’s ecology has facilitated the cheapening of nature on which Egypt’s capitalist development has relied and the agriculture sector is central to this.

The Nile River, the central ecological resource of northeast Africa, has represented a vast frontier for capitalist farming. Throughout these three regimes, technology would be used to manage its water for capitalist farming. The successive stages of dams at Aswan, and the construction of irrigation infrastructure, reshaped Egypt's environment and raised agriculture yields. Yet these acts had unforeseen ecological consequences that resulted in further technological fixes, opening a cycle of interference and fix. This process has led to the environmental degradation of the Nile valley and the deepening of the metabolic rift.

As these frontiers were opened, and capitalist farming pushed deeper into the country, Egypt has developed as a unified market, and the land and its people were subject to a process of commodification. The demise of communal land tenureship and the rise of private property was concomitant with waves of accumulation that turned people off the land, and created new classes of wage labourers. Debt relations allowed the concentrated ownership of land, despite the interlude in this trend that took place following the revolution of 1952.

The coming sections chart this process through the three food regimes. Although the political power upon which these regimes have relied is a central feature, the ongoing commodification of nature should also be considered as an important dimension of these period. This established a political and environmental regime for the investment of capital.

2.3 First food regime

In Egypt the characteristics of the first food regime are clearly identifiable. The country's water resources, climate, and location made it ideal for the cultivation of industrial inputs such as cotton and sugarcane (Abul-Magd, 2010; Beckert, 2014; Mitchell, 2002; Owen 1993). Much of this produce was exported back to Britain in order to be used in the country's industry, particularly cotton mills. During the time of the British occupation (1882-1956), the growth and export of cotton became one of the main economic activities in the country. Between 1880 and 1884, cotton contributed 75 % to the total value of exports, and by 1910-13 this proportion had risen to more than 92 per cent (Owen, 1993: 219). The shortage in cotton caused by the American Civil War of 1861-1865 created demand that led to its increased production across Egypt, and further exposed the agriculture sector to the global market. By 1912, the total agricultural area that was devoted to cotton production was estimated to be 1,700,000 feddans, by comparison, the area devoted to the production of maize, the most common food crop, was 1,838,000 (Vatikiotis, 2013: 52).

Although cotton cultivation was at its most intense under the British occupation, the crop was produced in Egypt throughout the 19th century (Beckert, 2014). However in order for the use of agricultural land to be diverted from food crops towards the cultivation of a cash crop, a transformation was required in the rural political economy. In order to impose the practice of growing a crop for exchange rather than use, Egypt's peasants had to be coerced both by physical force and by exposure to market forces. This process was started by Muhammed Ali, who after his rise to power in 1811, abolished the Mamlukian property system, and implemented state ownership of land in order to finance a programme of industrialisation and modernisation (Barakat, 1993: 57).[21] In what was essentially a replication of the slave plantations of the Americas, physical coercion was a main factor in the cultivation of the crop. In Egypt, cotton plantations were managed by the military, who relied on draconian measures to control peasants, such as confining them to their villages by force (Mitchell, 1991: 34).[22]

In the 1840s this system was modified and villages were put under the control of notables, such as relatives and associates of the ruling family, who enforced the regime in place of the military. This system created a group of landowners who became the class of pashas and sheikhs, who would dominate the rural sphere for the next century (Richards: 1977: 38). With the help of these landowners, common land was further enclosed and a system of capitalist property relations intensified.

Another form of coercement was the spread of debt relations. Due to the shortage of cotton caused by the American Civil War in the 1860s, demand soared and farmers borrowed money from European banks, and Greek and Levantine merchants, in order to acquire equipment (Abul-Magd, 2010). For many small farmers this resulted in disaster, as the end of the civil war and an economic depression in 1873, caused cotton prices to fall

[21] Ali's policies represent the enclosure of land and the implementation of private property relations. This had been ongoing before his rise to power and the first development in this regard was the "iltizam" system imposed by the Mamlukes, which allowed the right to collect taxes from the land to be bought (Cuno, 1980: 247). Another form of this system was the "timar" in which land was given to individuals in return for other services to the state (Barakat, 1993: 56).

[22] According to Mitchell: "The village was to be run like a barracks, its inhabitants placed under the surveillance of guards night and day, and under the supervision of inspectors as they cultivated the land - and surrendered to the government warehouse its produce, (Mitchell, 1991:34).

and defaults were common. This crisis was exacerbated by other problems, such as the low level of the River Nile of 1877, as well as an increase in diseases such as cholera caused by the stagnant water created by irrigation projects (Davis, 2002: 103).

A consequence of the debt crisis was the increasing concentration of land ownership as farmers sold property to repay debts that had been secured against their property (Richards, 1977). In order to settle the claims of foreign creditors the colonial authorities established a court system, based on French law using foreign judges and lawyers, which dealt with disputes between Egyptians and foreigners (Gasper, 2008: 25-29). According to Mitchell, this system became a “machine for transferring the land” (Mitchell, 2012: 73). The court’s rulings allowed creditors to seize property, but also other assets such as livestock and houses. In five years these courts resulted in the transfer of 50 thousand acres in a single province to foreign money lenders from Europe, Greece, and the Levant (ibid).

As a result of these seizures there was an increase in medium and large scale farms. For example, in 1894, 42.5% of land was held in large properties and this had risen to 44.% in 1913 (Owen, 1999: 217). A growing number of Egyptians held no land at all, leading to an increase in migration to urban areas, and migration from Upper Egypt to the Delta region. Their displacement led to the growth of the wage working class, which combined with population growth, suppressed the cost of labour during the British occupation (Richards, 1976: 281).

In addition to servicing their own debts, Egyptian farmers also had to shoulder the sovereign debt of the state. Based on the high price of cotton, Khedive Ismail the grandson of Mohammed Ali, borrowed large amounts of money from European banks, part of which he used for war campaigns in Sudan and Ethiopia (Tignor, 2010: 219). However the fall in the price of cotton led to a default on the loans in 1877. In a moment that would be repeated in future moments in Egyptian history, the debt crisis resulted in a loss of sovereignty over the nation's fiscal affairs. A commission run by the UK and France imposed taxes to repay loans owed to European banks, and Egyptian peasants faced another form of violent coercion as these taxes were collected by force.[23]

Egypt's debt crisis paved the way for the British occupation of Egypt in 1882 (Tignor, 2010: 228-232). Ismail faced nationalist agitation over the state of fiscal affairs and in order to protect their interests, the British sought to prop him up. Moreover, France's large exposure to Egypt's debt meant that Britain intervened out of fear that its European rival would act first, giving it a foothold in Africa. In addition to Egypt's economic importance, the opening of the Suez Canal in 1869 had raised the country's strategic significance in the British Empire. The route provided vital access between to its colonies in India, Burma, the Far East, and Australasia, and by 1892, 70% of India's total trade passed through Suez (Rose, 1959: 200). With this considered, Egypt played a central role in the first food regime not only through its role in the production of industrial monocrops, but also due to Suez's facilitation of the transport crops to Britain from its colonies in India and Asia.

[23] According to Davis: "Under extreme European pressure, regiments of tax collectors, with moneylenders following them "like a vulture after a cow," imposed a reign of terror throughout the Nile Valley. Peasants who hid cattle or resisted the confiscation of their property were brutally flogged in front of their neighbours," (Davis 2002: 103-104).

In order to ensure that Egypt's debts were repaid, the British authorities used Egyptian funds to invest in the cotton industry and its infrastructure to increase production of this crop, the main source of foreign currency (Tollefson, 1999). During this phase the country's development was subordinate to the purpose of producing cotton, and education and industrialisation were neglected. For example in 1913, only 3% of the state's budget was given to the education ministry, while the public works ministry received 16% (Tignor, 2010: 234). Another consequence of the growth in production of cash crops was a change in the staple diet and food security. The biggest shift was simply a reduction in the growth of food crops due to the profitability of cotton farming. According to Richards the general quality of the staple diet was lowered throughout the 19th century, due to a decrease in the diversity of the country's food crops (Richards, 1976: 282).

In order to increase the export of cotton and other cash crops, the colonial authorities built transport infrastructure. Under British rule, 2400 km of agricultural roads were constructed, and by 1912-13 three private companies had constructed rail lines with a total length of 1200 km, which transported as much as half of the cotton harvest (Owen 1993: 222). This new infrastructure allowed the opening of new frontiers deeper in the country. In one example, a French-British sugar company expanded into Upper Egypt, which created the impetus for the construction of new railway lines, including one from Qina to the Red Sea port of Qusair (Abul-Magd, 2010: 701). As part of its expansion the company purchased agricultural land from a local notable, and 35,000 farmers were displaced from their property. Not only did these farmers lose their land but the company also bought their houses, cattle, and any other asset that they owned. These newly landless peasants formed a pool of labour for the new sugar factory, and other related infrastructure projects (ibid: 703).

Another piece of infrastructure that was aimed at raising cotton production was the Nile Dam. The colonial government completed the first Nile dam at Aswan in 1902 resulting in a perennial irrigation system in the Nile Valley, as opposed to one that was previously based on an annual flood (Owen, 1993: 222). This allowed the cultivation of cotton on a year-round basis whereas previously its growth was restricted to the summer, when the Nile river was at its lowest. The damming of the Nile had far-reaching consequences for Egypt that will be discussed in greater detail in the next section. However the Low Dam had an immediate effect on Egypt's topsoil, as the increase in water availability resulted in the abandonment of the annual fallow period, and the rise in the water table resulted in saturation (Richards, 1976: 281). As a result cotton yields began to decline and just before the First World War, fertiliser was introduced to Egypt for the first time in an attempt to reverse falling yields.

The intense cultivation of a monocrop had other ecological consequences (Jakes, 2016). The huge increase in cotton plants resulted in a growth in the numbers of the cotton-leaf worm that feed on the crop. This insect had always been present in Egypt but proliferated rapidly due to the new source of food. In 1906 one outbreak was so threatening to the economy that the government ordered the conscription of all boys between the ages of 10-18, to pick cotton plants that had been infested by the insect (Jakes, 2016: 16). These ecological problems coincided with a global economic crisis in 1907, which resulted in a fall in demand for Egyptian cotton, (Jakes, 2016). This crisis continued during the First World War, when the policies of the British rulers further exacerbated Egypt's economic problems. Initially, the authorities restricted the export of cotton, resulting in inflation and the loss of value in workers' wages (Farah, 2009: 67). They then relaxed controls on the export of cotton and the amount of land planted with cotton increased, resulting in a food shortage.

Following the First World War, British rule was faced with intensifying nationalist sentiment, in part driven by anger over how it had managed the economy (Farah, 2009: 66). In 1922 Egypt was granted independence, although the British military presence in the country continued until 1952. One developmental legacy of British rule that remained was its fettered industrialisation. Despite Egypt's production of cotton, there was little progress in terms of domestic manufacturing and the country was one of the largest importers of British textiles (Farah, 2009: 65). Between the First and Second Worlds Wars Egypt's cotton industry continued its decline, and the depression of the 1930s further reduced demand for cotton. In the 1930s, average cotton exports were EGP 23.4 million, a fall from the EGP 43.1 million average of 1915-1929 (Clawson, 2014). As well as a fall in price, Egyptian exports were subject to competition as a result of cheaper cotton produced in India and the Americas (Abdel-Salam and Negm, 2009).

2.4 Second food regime

The main characteristic of the second food regime was the export of subsidised grain from the US and Europe to the Global South, and Egypt became one of the biggest recipients in this flow (Mitchell, 2002; Hopkins and Westergaard, 1998; Waterbury, 1983). In 1955 Egypt was self-sufficient in wheat and it produced around 1.5 million tonnes a year, by 1980 the country consumed around 7.2 million tonnes a year but its annual production had only increased to around 1.7 million tonnes (Scobie, 1981: 24). This shortfall turned Egypt into the largest wheat importer in the world, and it became a major market for the grain exporters of the US and Europe. In contrast to the first food regime, in which Egypt's agriculture was dominated by the export of crops that served as industrial inputs, in the second regime the country's agriculture and food sectors were shaped by the massive flow of imports. This reversal in the circulation of commodities had far reaching consequences on Egypt's agriculture, food security, diet, and politics.

The export of wheat to Egypt was a consequence of a US government programme to subsidise domestic wheat production and export surpluses in the form of aid. At its peak in the 1950s and 1960s the policy, known as Public Law 480, constituted a third of the total value of US agricultural exports (MERIP, 1987). This aid was in various modes, including soft loans and also the facilitation of payments in local currency.

In an era in which African and Middle East states were a theatre for geopolitical competition between the US and USSR, Washington sought to gain influence in Egypt and contain the ambitions of Gamal Abd Al Nasser, who came to power in the revolution of 1952 (Burns, 1985). Nasser sought a non-aligned position and implemented a programme of modernist reforms that were unprecedented in the Arab region at that time. He banned the employment of children under 12, introduced welfare schemes, and made education compulsory for men and women. Between 1952 and 1957 the number of students who enrolled in technical and vocational schools increased by around 40% every year (Aburish, 2005: 141). One of Nasser’s biggest reforms was the redistribution of land, the ownership of which was highly concentrated. In 1947 0.5 percent of the population owned 36 percent of all agricultural land and tenant farmers often faced feudal conditions in which the majority of their income was spent on rent (Margold, 1957: 10). As a result of Nasser's land reform policies, by the late 1960s 15% of the cultivable land had been redistributed, and 80% of it had been granted to 318,000 families (Sakr and Tarcir, 2007).

For the US, food aid served as a means to contain Nasser’s Arab nationalist tendencies during the 1950s and 60s (McNamara, 2004; Weinbaum, 2015). For example, Washington expressed its disapproval of the nationalisation of the Suez Canal in 1956 by reneging on a wheat deal (Dethier and Funk, 1987). After 1958, the US restarted food aid to Egypt, in part due to a fear that the Iraqi revolution of that year could strengthen Moscow’s position in the region. In response to Egypt’s intervention in North Yemen in 1962, Washington threatened to stop food aid unless Nasser withdrew his forces from the country (ibid). During the 1960s food aid continued on a sporadic basis amid ongoing tensions between Cairo and Washington and after 1965 it was halted for several years. Although Nasser continued to seek an independent position, this source of food was an effective lure as it allowed his government to embark on a policy of industrialisation, as this food aid cheapened food for a growing population of urban industrial workers.

The mastering of the Nile continued during the era of the second food regime. In 1933 the Low Dam was raised in height, allowing the extension of irrigation channels and canals throughout the Nile Valley (Hughes, 2005). This interference continued to have far-reaching ecological consequences. The expansion in irrigation channels led to an increase in the amount of stagnant water, which led to the spread of malaria (Gallagher, 1990). During the Second World War the spread of the disease became an epidemic. The Egyptian authorities tried a variety of tactics against the virus but the use of dichloro-diphenyl-trichloroethane (DDT) proved to be the most successful measure (ibid). However as is now known, DDT is highly toxic and spreads through the food chain killing avian predators, a natural counterbalance to mosquitos and other insects. Its intensive use also resulted in resistance amongst mosquitos, thus creating “super insects” and the levels of DDT had to be doubled and tripled in order to obtain the same results.[24] Another consequence of the taming of the Nile was the increase in the aquatic snail that carried Bilharzia, which was treated in the post-Second World War with injections with unclean needles. This practice resulted in Egypt having one of the highest rates of Hepatitis C in the world (Mayfield, 2012).

The completion of the High Dam in Aswan in 1970 allowed a transformative level of control over the river, and provided hydroelectricity that provided a source of cheap energy for industrialisation (Ayeb, 2002). According to Hughes the damming of the Nile was a “gigantic step in the ongoing transformation of Egypt from a society dependent on

[24] The story of DDT in Egypt shows how capitalists create the problem and provide the solution. In 1950 two of the biggest conglomerates in Egypt the Misr Group and the Abbud Group, both of which had made substantial interest in sugarcane and cotton farming, went into a joint venture with Monsanto to build a DDT factory (Mitchell, 2002: 49).

traditional agriculture to an adjunct of the world market economy" (2005: 218). As the dam led to the end of the annual food that replenished soil with sediment, the High Dam resulted in a continued decline in the fertility of topsoil. As a result Egypt became one of the most intensive users of fertiliser in the world (Dyer, 1997: 106). Other consequences of the transformation in the Nile was the erosion of the coastal plain, and increasing levels of pollution as the river system was no longer cleansed by the yearly deluge (Sowers, 2013).

Following the appointment of Anwar Sadat as president in 1970, the thaw in Egypt's relations with the US resulted in the resumption of food aid and other forms of assistance on a huge scale (Waterbury, 1983). The US sought to fortify Sadat as a key ally in the region. His peace deal with Israel, his liberal economic policies and other aspects of his pro-Western outlook were crucial assets for US policy in the Middle East. Between 1975 and 1989 the US spent almost US $15 billion on aid and loans to Egypt (USAID, 1989: i). Food aid was a major part of this programme, and this led to a sharp increase in the consumption of wheat, which increased from around 3 million tonnes in 1973 to 7.2 million tonnes in 1980 (Scobie, 1981: 24).

This aid created a market for US exports, and during the 1970s US agribusiness technology was introduced to Egypt's agriculture. Around $6.2 billion of the $15 billion was spent on development projects that were implemented by US companies, and from this figure 40% was allocated to projects in water, sewage, agriculture, and technology (Mitchell, 2002: 238). As a result, American companies won contracts to construct grain silos and storage facilities. At the same time farming equipment made by companies such as John Deere, International Harvester, and Caterpillar were exported to Egypt. US universities and institutions also won consultancy and training contracts worth hundreds of millions of dollars (ibid).

Under Sadat, the state began to roll back some of the socialist reforms of Nasser. In 1973 the government launched a policy of free market reforms known as *infitah* (meaning opening in Arabic). This policy was intended to increase the level of private investment through economic and legislative reform (Amin, 2004).[25] The regional politics that accompanied infitah will be discussed later in this chapter but this phase marked the start of a number of transformations in the agrarian economy, one of which was the increase of foreign capital in the agricultural sector. Between 1971-1976, private sector investment in the sector was around 4%, but as a result of the free market reforms that started during the infitah period, this figure eventually rose to 78% in the period between 2007-2012 (Tanyeri-Abur, Elamin, 2011: 31).

Under Sadat there was a resurgence in the influence of the rural landed classes. During the rule of Nasser, half of the seats in the Majlis Al-Shaab, a section of the Egyptian parliament, were reserved for peasants and workers (Kienle, 2001: 141). However Sadat sought new constituents in order to widen his power base and strengthen his position (Fahmy, 2002: 202). In return for political support he increased the parliament seats of the landowning classes at the expense of farmers' representation. As a result, by 1984 no

[25] It should be noted that infitah largely fell short of its intended aims. By 1990 the level of private sector activity was just 10 percent of the value of the state sector and the public sector continued to grow until the 1980s, which partly led to a growth in sovereign debt (Roccu, 2012: 110:).

peasants held seats in the Majlis al-Shaab (Springborg, 1991: 246). By the same time, the National Democratic Party's (NDP) Agriculture Committee consisted of members of the Majlis al-Shaab, Majlis al-Shura, government officials, and members of the private sector but no peasants. Even the NDP's Peasant Union was run by a member of a landowning family (ibid).

Using this renewed influence, landowners began to lobby for the return of their property that had been lost in Nasser's land reforms. Sadat allowed landowners to reseize some of their land, the start of a creeping reversal of Nasser's land reforms (Aidi, 2008: 175). Throughout the 1970s landowners were able to increase their holdings through purchase and court actions against the seizures of property under Nasser. In 1981 limits to land ownership were abolished and the state, which rented 500,000 feddans to farmers, began to sell land to tenants (Springborg, 1991: 234). In 1985 the government announced that it was considering modifying a 1966 law that provided some protection to tenants who were threatened with eviction (ibid).

Another dimension of Sadat's policies was the centralisation of control over agrarian affairs. Between 1976-1977 agricultural cooperatives that had been introduced under Nasser were stripped of any political role, and their management was transferred to village banks that were under the direct control of the government (Tarouty, 2015). Another institution that was reoriented in favour of landlords and capitalists was the Principal Bank for Development and Agricultural Credit (PBDAC). The bank was established in order to provide working credit to small farmers, but under Sadat the number of short-term loans fell; between 1960-1975 such credit was around 97.4% of its book, but by 1984 this had fallen to 71% (Sadowski 1991: 202). The reform of the bank also meant that long-term loans had to be securitised against land, a policy that favoured big landowners.

During the 1970s the Egyptian diet underwent a transformation (Aulas, 1982). For some in Egypt's middle classes, infitah created a new spending power that made meat more affordable and this was concomitant with a change in crops in Egypt. Imported wheat provided the basis for bread, and other carbohydrates in the human diet, and domestically produced crops were directed towards animal feedstocks. In 1966 humans consumed 53% of domestically produced maize and grains such as barley and sorghum, but by 1988 this had fallen to 6% (Mitchell, 2012: 215).

While meat consumption among the wealthy increased from the 1970s onwards, for poorer classes in Egypt the cost of food increased. Between 1982-1987 the World Bank reported that the expense of the "minimum cost diet" had risen to 242% in rural areas (Nagarajan, 2013: 31). This also resulted in a rapid increase in the state's expenditure on subsidised food in the 1970s. In 1972 the cost of food subsidies was EGP 11 million and by 1974 the bill stood at EGP 329 million (Dethier, Funk 1987). This influx of wheat and the technology that was used to store it had unforeseen consequences on public health; the grain was often stored in hot and humid conditions that led to the spread of fungus that caused kidney and liver diseases (Lock and Nguyen, 2011).

Globally, the second regime went into crisis following the huge grain deals with the Soviets of the early 1970s, and the subsequent increase in prices.[26] The emergence of a European agribusiness sector that had been fostered with US support under the Marshall Plan, began to compete with US agriculture (Friedmann, 1993). This competition manifested itself in Egypt, and the US market share of grain imports in Egypt contracted, in 1974-76 the US share of Egypt's agricultural imports was 40% but by 1983 it had declined to 28% (Dethier, Funk 1987). This led to a trade war over the Egyptian market between the US and Europe, and in 1983 the US government offered a large amount of wheat and flour to Egypt through its aid programmes in a bid to bolster its share (ibid). The dumping of surplus grains suppressed the cost of grain but it hampered the development of Egyptian grain production as it was unable to compete with the scale of state-subsidised farming in the US and Europe (Friedmann, 1993).

2.5 The third food regime

In contrast to the first two food regimes in which the state was the dominant actor, the third food regime is characterised by corporate power. In Egypt, the withdrawal of the state from the management of agriculture had its roots in the structural adjustment measures that were implemented following a debt crisis in 1988 (Bromley and Bush, 1994; Bush, 1995; 2007; Hopkins and Westergaard, 1998). Egypt's debt had accumulated through the 1970s, partly as a result of military spending before the 1973 war with Israel, but also because of the growing food deficit that created a reliance on imports. As a result of foreign currency

[26] Starting in 1972, the Soviet Union bought large quantities of wheat from US commodities companies. This incident (termed in the US media as the "Great Grain Robbery") caused the global price of wheat to triple.

earnings from oil exports, Suez Canal revenue, and tourism, lenders raised their exposure to Egypt during the 1970s (Owen and Tripp, 1989: 127). This contributed to a transformation in Egypt's fiscal position. Prior to 1957 Egypt was a net creditor (Amin, 1995: 111). By 1987 Egypt's foreign debt stood at $44 billion (Quandt 1988: 140). As a result of external debt, increasing amounts of foreign currency inflows were consumed by debt servicing. In the 1980s, this was exacerbated by a fall in the oil price and as foreign currency earnings declined, creditors began to withdraw from further loan commitments (Ikram, 2006: 57).

In response to this debt trap Egypt was forced to turn to the International Monetary Fund (IMF) for assistance (Ikram, 2006). In a series of agreements with the IMF starting in 1991, Egypt received commitments to reschedule debt and receive further loans, but these were contingent on economic reforms that would cut social spending, liberalize the economy, and privatise state assets (Abdel-Khalek and Korayem, 2001). One area of social spending that was targeted by these reforms was subsidised food, a form of austerity that would lead to an increased market share for corporate producers. However food subsidies were politically sensitive, and remain so today. In 1977 Sadat had attempted to remove subsidies on several food commodities on the advice of the World Bank and IMF, but the policy resulted in demonstrations that swept the country and nearly toppled his regime. As a result, the implementation of subsidy reform would be gradual. In 1990 the government removed frozen meat from the subsidy programme, and by 1995 fish, tea, rice and certain types of bread were also removed from the subsidy basket (Sachs: 2012, 65). Following 1995 only bread, wheat flour, cooking oil and sugar remained (ibid). Other cost-saving measures included changes in the size and quality of subsidised products. The state also sought to downsize the number of holders of ration cards. In 1990 87.3% of the population had ration cards, and by 1997 this had been reduced to 69.2% (Abdel-Khalik and Korayem, 2001: 74).

Aside from food subsidies, the government implemented a withdrawal from its management of agriculture in favour of the free market. In 1987 the government removed price controls on crops, essentially enabling farmers to grow what they thought would make them the highest profit. This was done with encouragement by agencies such as USAID, who pushed for a capital-intensive form of agriculture, market liberalisation, tenure reform, and a rise in exports (Bush, 2007: 1604). Initially these policies appeared to have some success as yields rose, but agricultural GDP stagnated or declined in the years following the removal of price settings (Mitchell, 2002: 264). A possible reason for the rise in yields was that under the new system farmers no longer had a disincentive to correctly record their crop yields, which under the state controlled system was a common practice (Bush, 2007: 1604).[27]

The biggest act of free market reform was the passing of Law 96 in 1992, which abolished the rights of tenant farmers to remain on their land at a fixed rent (Saad, 2002).[28] Law 96

[27] See Mitchell (2002) and Bush (2003; 2007) for a detailed examination of the claim that free market reforms resulted in increased agricultural yields.

[28] The law was applied in three stages. Firstly a transitional period between 1992-1997 would result in rent being increased from seven to 22 times the land tax, after which it would be liberalised. Following the transitional period rental contracts could only be renewed from 12 months as opposed to the perpetual contracts enforced by Nasser’s reforms. At the end of the transitional period, owners of land had the right to evict tenants (Saad, 2002).

was a death blow against what remained of Nasser's statist agrarian policies. Following the end of the transitional period in 1997, rents increased by as much as 300-400%, and hundreds of thousands of people were evicted from the land (Bush: 2004). The end of the state's protection of small farmers further weakened a fragile existence. It was estimated that as many as one million farmers were displaced from their land as a result of the law and 700,000 people lost their jobs (Mitchell, 2002: 265). The legislation also caused an upsurge in violence and unrest as landlords forced tenants from their land.

Although the IMF's intervention in Egypt played a role in Law 96, the legislation was also a result of endogenous class pressure. After their reappearance as a political force under Sadat, the landowning class continued to lobby for the return of their property, and the economic policies of the 1990s provided them with an opportunity. In the media debate prior to the passing of the law, there emerged an image of tenant farmers as unproductive and lazy, while landowners were portrayed as respectable citizens who had been dealt an injustice (Bush, 2002: 107-108).[29] The implementation of the law was also an indicator of the authoritarianism that accompanied these free market measures. At the time of implementation of the law in 1997, activists who protested the measure were arrested on the grounds that they were using "terrorist means" (Kienle, 2001: 96).

The benefit of these reforms for agribusiness were clear to see. Between 1990 and 2013 the levels of export fruit crops in Egypt increased by 655%, and the number of vegetable

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[29] According to Saad: "The stereotyped image of lazy peasants watching videos and abandoning the land to travel abroad to buy more consumer good was heavily deployed as 'evidence' for the injustice that had befallen landowners. In contrast, landowners were portrayed in the image of needy, yet respectable, helpless middle-class citizens, oppressed by merciless tyrants," (Saad, 2002: 107-108).

export crops increased by 258% (Hanieh, 2013: 209). Market reforms also exacerbated a process of asymmetrical exchange between farmer and buyer. Between 1991-2009 the ratio of export value to "agricultural production at farm gate" increased from 51 to 169 (ibid). The free market policies were entirely oriented towards capital and neglected any social welfare. According to Bush: "Contemporary strategy does not have at its core priorities of local food security, national development or poverty amelioration," (Bush 2007: 1613).

The social consequence of these reforms was uneven. Between 1995-96 and 1999-2000, the proportion of Egyptians living below the poverty line declined in Egypt. However this belies the fact that in areas that rely heavily on agriculture, poverty increased during this period. For example in rural parts of Upper Egypt the headcount ratio of the population living under the poverty line was 29.32 in 1995-96, and by 1999-2000 this had increased to 34.15 (El-Laithy et al., 2003: 23). Landownership also became more concentrated and by 2000, 2821 individuals held 11% of the total area of privately held land, a higher concentration than before 1952 (Roccu, 2012: 120).

The policy resulted in an increase in unemployment. Many farmers were forced to leave rural areas in search of alternative sources of income, and they became inhabitants of deprived urban slums. In 1991 the population of the *ashwaiyat* (slums) in Cairo was estimated to be 6.3 million and in 2000 this estimate increased to 8.3 million (Sabry 2009: 17). In the same period the size of these slums in Cairo were estimated to have increased from 106.9 km2 to 140.1 km2 (ibid), consuming agricultural land. Another consequence was a rise in the number of Egyptians who emigrated to other Arab countries or Europe in search of work. In 1992 the number of Egyptian migrants was 2.2 million and by 2006 this had risen to 3.9 million (Zohry, 2007: 8).

The intensification of market forces in agriculture and rural life elongated hierarchies in terms of access to resources and influence over government policy. Starting in the 1990s a group of powerful capitalists moved into the agricultural sector in order to take advantage of these opportunities. These capitalists benefited from access to corrupt bureaucrats, which gave them advantages such as favourable treatment in their application for loans from state banks like the Principal Bank for Development and Agricultural Credit (PBDAC) (Bush and Ayeb, 2002: 59). As a result, these reforms did not lead to a loss of control for the regime of Hosni Mubarak, as the entry of capitalists allied to him ensured that the agriculture sector remained under the control of the “ruling bloc” (Roccu, 2012: 136).

The Maghraby and Mansour families are examples of such tycoons. These owners of large conglomerates with interests in real estate, financial services and other goods, expanded into the fruit and vegetable export sector during the 1990s. The involvement of these crony capitalists and their connection to the state meant these reforms led to a concentration of wealth among a select group of businessmen. For example, following the removal of PBDAC’s monopoly over fertiliser, three private companies controlled the market for the commodity, which led to a fourfold increase in the price between 1994 and 1996. In response the PBDAC was forced to restart its sale of fertilisers in order to curb the price increase (Roccu, 2012: 163).

In addition to Egyptian conglomerates, foreign capital also flowed into Egypt from the 1990s onwards. Much of this investment consisted of Western multinationals such as Heinz, Cadbury, Danone and Coca Cola but at the same time Gulf companies also entered the sector. By the 2000s Gulf capital would become the dominant foreign capital in the food and agricultural sector.

2.6 The role of the state in the third food regime

Although the third food regime has been defined by corporate power the state played a mediating role in the expansion of the corporate agribusiness sector in the 1990s and 2000s. As will be illustrated in the coming chapters, although its management of the sector was eclipsed by the free market, the state facilitated the corporate food system through its allocation of land and water, and also through its bureaucratic assistance. A characteristic of this alliance that is specific to Egypt has been the inclusion of the military, whose alliance with foreign capital, despite its statist orientation, is an example of the heterogeneity of capital's alliances in the global mosaic. The military has always played a role in Egypt's economy, especially following the development of its industries in the 1970s, and its factories produced arms but also consumer products (Metz, 1990). This production included food, and in the 1980s it was estimated that the military's Food Security Division was one of the largest agribusiness companies in the country, and between 1985-6 it produced EGP 488 million worth of products, a figure that amounted to a fifth of the country's total food production (Crush, 2005). One estimate suggests that army's pasta production accounts for as much as 40% of the Egyptian market (Khalifa, 2015: 226).

The army has control over a number of assets that it uses for its own production or which it can rent or sell to private capital. The military controls a large land bank due to a law that allows it to seize property for defense purposes, and as a result it controls most of the country's coastline, and most of the tourism developments in these areas involve the military. In addition to property, the military also has a sources of cheap labour in the form of conscripts, which provide a low-cost workforce for its industries, and often these recruits are not paid anything beyond their keep. Workers in army factories, whether civilian or not, are subject to militaristic management practices that restricts union organising on the basis of national security. According to one report in 2010, workers in a army butane cannister factory were charged by a military court for revealing state secrets after they spoke out over a workplace accident that killed one of their colleagues (Abul-Magd, 2011).

Another characteristic of the army's position in Egypt's economy is its control over civilian affairs. This is partly due to a network of retired officers who have jobs in state-owned companies and the government bureaucracy. Examples of positions held by former officers include the heads of districts in Cairo, managers in the state oil company, heads of ports, state transport companies, and the head of the Suez Canal Authority (Abul-Magd, 2013: 2). Moreover, the majority of governor positions are held by retired officers and in 2011, 18 out of 27 provincial governors were former army generals (ibid).

Since the revolution of 2011 the army's power has strengthened, both politically and economically.[30] (Marshall, 2015; Marshall and Stacher, 2012; Barayez, 2015). In place of the vacuum that was left by Mubarak's overthrow, the military has served as a guarantor of the country's stability, particularly for private capital. Following the revolution, the Supreme Council for the Armed Forces (SCAF) formed a military government that resisted demands by the protesters for new labour legislation that would include a minimum wage (Marshall, 2015). Amid the instability many foreign-owned companies were able to continue their operations under the military's aegis (ibid). As a result of this enhancement of power, some researchers have suggested that rather than occupy a rentier economic position based on its privileges, the Egyptian military has now been forced to adopt the responsibilities of fiscal management (Stacher, 2016). One example of this would be the Ministry of Defense US $1 billion donation to the Central Bank in 2011 (ibid). What is clear from the cases examined in this thesis, is that the military's influence grants it new opportunities to act, in some cases exclusively, as the gatekeeper for foreign capital (Marshall, 2015; Marshall and Stacher 2012).

Aside from the military, it is important to consider that the Egyptian state has not diminished due to the structural adjustment policies implemented since 1991. In fact, the state is now at its largest since 1952 and is continuing to get bigger. The state employed 5.6 million workers in 2010 and since 2011 this has increased by 900,000 (Stacher, 2016).

[30] This thesis refers to the events of 2011 as a revolution, the analysis that in fact it represented a coup led by the military notwithstanding. It will refer to the events of 2013 as a coup.

Some functions of the state have been transformed in order to act as an interlocutor with foreign capital. Ministries and institutions with an investment and business mandate, such as the Ministry of Finance, Ministry of Investment, General Authority for Investment and Free Zones (GAFI), and the Ministry of Trade and Industry have arguably been elevated in the state hierarchy. Ministries with more of a social mandate have stagnated and lost power. Egypt's Ministry of Agriculture and Land Reclamation (MALR) is one of the largest ministries in Egypt and it is estimated that as many as 500,000 people are employed in the institution (Rivera and Elkalla, 2007: 256). Yet despite its size, the ministry does not appear to be performing well and has become mired in allegations of corruption and incompetence.

The state has also been subject to a process of decentralisation and centralisation of government institutions, a characteristic of neoliberal reform (Hanieh, 2013: 68). At the top of the state hierarchy there is increasing centralisation of control concerning economic decisions, yet social services have sometimes been decentralised, privatised or turned into fee paying services. The gradual cuts in the food subsidy system are a good example of this, and this ongoing process will be examined in Chapter Six. This process can also be clearly identified in the fate of the agricultural extension service, an institution overseen by the MALR, which has served as an important intermediary between the ministry and farmers. In the early 1990s a policy of decentralising the extension service was initiated through ministerial decrees (Rivera and Elkalla, 2007: 252). According to one study, decentralisation was designed to "bring research and extension services closer to farmers, and to open up the decision-making process to local interests" (ibid). The study recommended further decentralisation and the introduction of fee-based services.

Rather than improving the extension service, such reforms appear to have resulted in a declining capacity. The number of employees in the agency has fallen as they have retired and not been replaced (McDonougha, et al., 2014: 170). The service is also hampered by low pay, lack of funds for transport, and an unwillingness on behalf of its employees to relocate to remote areas of the country (Shalaby, et al., 2011: 586). In some cases the service had been downsized to the point where extension workers were forced to take on multiple roles, including the enforcement of building regulations, compromising the trust of small farmers. Often, research services of the ministry favoured larger farmers who had the resources to implement the practices they recommended, and the needs of smaller farmers were overlooked (McDonougha, et al., 2014: 168). The fate of the extension service is a good illustration of how the transformation of the state has resulted in a growing disparity between small farmers and agribusiness. Smallholders have lost access to state resources as agribusiness has expanded its control. As will be discussed, some companies have launched their own private extension services to ensure a stable supply of produce from farmers within the supply chain.

2.7 Gulf-Egypt relations

The previous sections have outlined the manifestations of the three food regimes in Egypt. The central theme in these three stages has been the transitions that have taken place in Egypt that have created the corporate food system. This section will examine the transition that took place in regional and global politics in the post-Second World war era that facilitated the internationalisation of Gulf capital into Egypt. The central theme in this section is a reconfiguration of the regional balance of power that allowed the Gulf to develop a dominant position in the region and expand its influence in Egypt, a country that now represents a security and economic asset for the GCC states (Springborg, 2013: 255).

In the post-colonial era, relations between the Gulf and Egypt were defined by the role that Egypt played as a political and cultural centre for the Arab world. In the 1950's Nasser's Arab nationalism was a powerful political force, and Cairo was a centre of reformist ideas, political thought and Arab consciousness (Alsayyad, 2011: 224). Nasser was also emerging as the most popular Arab leader, and his nationalist rhetoric appealed in a time when the region was reeling from the creation of Israel and other traumas of the colonial era.

This powerful influence was a threat to the monarchical Gulf states, who at that time were relatively weak and struggling to create political legitimacy (Niblock, 2006). Arab nationalist and leftist groups were active across the Arabian Peninsula and Nasser's nationalism was becoming a powerful force in the Gulf countries (Matthiesen, 2013: 94). Migration played a role, and Palestinians and Egyptian who worked in the Gulf, as well as the citizens of Gulf states who returned home after education or training in Egypt, transmitted Arab nationalist ideology (Chalcraft, 2010). According to one account, Arab teachers encouraged support for Nasser in the UAE and his picture was hung in classrooms in Dubai schools in the late

1950s (Davidson, 2008: 42). The nationalisation of the Suez Canal in 1956 set a threatening precedent for states such as Saudi Arabia, who feared any democratic control of its nascent oil industry. Yet despite their concerns over his rhetoric, Gulf states generally sought to maintain a good relationship with Nasser, partly due to the legitimacy that such relations inferred for their image among their own people. In addition to politics, Egypt was experiencing a vibrant era of media, culture, and institutional development, while by comparison much of the Gulf was undeveloped. The country's cultural output in the form of films and music created a cachet in the Gulf and across the rest of the region. This continues to have a legacy today for many in the Gulf, especially the older generations.

In the 1960s Nasser's Egypt became more influential in the region. In 1962 he sent troops to support the republicans in North Yemen, a move that alarmed the Gulf states. However Egypt's regional leadership began to decline following the defeat of the Six Day War against Israel in 1967. This crushing defeat created leverage for the Gulf to demand that Nasser stop his rhetorical attacks on Saudi Arabia, and other Gulf countries, in return for financial aid that was badly needed in post-war Egypt. At the Khartoum Conference of 1967, Nasser agreed to cease his hostility with Riyadh in return for aid (Mann, 2012: 754).

In 1970 President Anwar Sadat came to power, marking the start of an era in which Egypt became a close ally of the US and the Gulf states. One key moment in this pivot was the expulsion of Soviet advisors in 1972, marking the start of Egypt's pro-Western foreign policy (Waterbury, 1983: 375). A part of this process was the launch of infitah, a policy that opened Egypt to foreign capital, and resulted in an economic boom that led to a growth in imported foreign commodities.[31]

Sadat's infitah policy coincided with the oil boom of the 1970s, and this period marked the start of the development of a region that was defined by the exchange of labour and capital. The increase in the price of oil following the Arab embargo created surplus capital that was directed to Egypt in the forms of investment and aid packages (Hanieh, 2011).[32] According to one estimate, between 1967 and 1979, aid from the Gulf amounted to $12 billion, and another estimate for a similar period estimated that the amount was as high as $17 billion (Feiler, 2003: 1).[33] Although Gulf aid and loans were substantial, the GCC states did not have the capacity to encourage specific reform programmes and attach conditionality. As a result Gulf states supported the IMF reforms from 1976 onwards.[34]

[31] The infitah period was characterised by increased consumerism. According to Amin: "the worst thing about the westernization of the 1970s compared with what went on before was that it constituted mainly the westernization of consumption, while in the 1950s and 1960s it was to a large extent a westernization of production." (Amin, 2004: 51).

[32] The increase in the price of oil also created surplus capital that was recycled through western banks and was lent in sovereign loans to countries in the global South, including Egypt. According to Hanieh between 1973-1977 $107 billion of OPEC reserves flowed into Euromarkets (Hanieh, 2011: 44). This coincided with an increase in the price of oil and food, which forced Global South countries to borrow this money resulting in growing debt. This flow of money also played a role in the process of financialisation. According to Hanieh: "Petrodollar flows from the Gulf, particularly from Saudi Arabia, played a critical role in strengthening both the financialization of the system as a whole and the specific role of the United States as the dominant power (ibid).

[33] By way of contrast US government grants and loans to Egypt between 1974-1978 was around $2 billion and the equivalent from the World Bank was just over $1 billion (Aulas, 1982).

[34] The relationship between the IMF and Saudi Arabia developed following the oil boom and in 1974 Riyadh began lending money to the fund. These were followed by several more loans and in 1978 Saudi Arabia appointed an executive director to the board of the fund. In 1981 Riyadh agreed to provide the fund with a facility of US $8 billion (IMF, 2015). According to Feiler: "the AOC (Arab Oil Countries) had few tools for stimulating institutionalized change in Egypt, just as they had not succeeded in activating a political lever through their aid. However the interests of the GCC was tied to the US and other Western countries from the beginning which is why the Gulf states were fully supportive of International Monetary Fund reforms of 1976," (Feiler, 2003: 263).

During this period there were early signs of class formation at the regional scale. Increasing numbers of GCC citizens travelled to Egypt, particularly Saudis, for whom Egypt "represented a gateway to the international world of business" (Mann, 2012: 761). For many inhabitants of the GCC states, Egypt offered facilities that were unavailable in their home countries such as education and healthcare, and Gulf businessmen also sought to invest in Egypt. Commercial relationships between Gulf investors and Egyptians were strengthened by personal friendships and marriage. For example, Saudi businessman Saleh Abdullah Kamal and members of the Sharbatly and Shobshoki (two Saudi business families with interests in the food sector) married Egyptian women. This had the added benefit of allowing these businessmen to circumvent laws limiting foreign ownership of Egyptian companies, and often shares of companies were registered in the name of Egyptian spouses. These relationships even extended to the presidential family, and the former Saudi intelligence chief and the brother-in-law of King Faisal, Kamal Adham, had a close relationship with Sadat. Adham is reported to have entered into joint business ventures with Sadat's wife Jehan and other members of his family (Cooley, 2002: 92).

In addition to personal and business relationships, Gulf capital's presence in Egypt also had a institutional form. One of the policies of infitah was the creation of an alliance between Egyptian labour and resources, Gulf capital, and Western technology. This formed the basis of joint ventures such as the Arab Organisation for Industrialisation (AOI) (also known as the Arab Military Industrialisation Organisation), a weapons manufacturing project that was founded with investment from Egypt, Saudi Arabia, the UAE, and Qatar in 1975. Gulf capital partnered with the Egyptian state on a number of other projects. These included the Arab African Bank, the Arab International Bank, a oil pipeline from Suez to Alexandria, and an investment company called the Arab Gulf Investment Company (AGIC) (Feiler, 2003: 55-56). [35]

In addition to aid and investment there were other ways in which Egypt's economy became more dependent on its neighbours on the other side of the Red Sea. One example was the Gulf state's demand for migrant labour as a result of the oil boom, and thousands of trained Egyptian workers sought work in the Gulf states. By 1978 the Egyptian Foreign Ministry estimated that 500,000 Egyptians were employed in Saudi Arabia, 150,000 in Kuwait and the UAE, and 15,000 in Qatar (Feiler, 2003: 101). While Sadat's infitah policies did not necessarily create an improvement in the standard of living for many Egyptians, the flow of remittances did. Between 1974-1984 remittance to Egypt were $22 billion, of which the majority came from the Gulf countries (ibid: 116).

Emigration to the Gulf quelled political dissatisfaction amongst the Egyptian middle classes as they found new opportunities in the Gulf states. As a result the Egyptian government encouraged migration despite its impact on the local labour market.[36] In the same vein, the

[35] Zaalouk describes this class as follows: "The access of this group to state power is an important element to the enhancement of foreign Western capitalist interests, both as exporters of commodities and future investors. To enable Egypt to play its role as a strategic asset and a potential economic one Americans have aligned themselves with and supported the rising classes of the Sadat regime," (Zaalouk, 1989: 11).

[36] Feiler states that: "The government considered migration "a safety valve," enabling millions of Egyptian of

government also believed that migration had the potential to lower the birth rate and lessen the food import bill (Feiler, 2003: 107). The presence of Egyptian workers created leverage for the Gulf states. During the economic stagnation of the 1980s, Egyptians were the last workers to be fired in the Gulf, due to the sensitivity of relations with their mother country (ibid: 265).

Sadat's 1978 Camp David agreement with Israel marked the completion of a campaign by the US to fortify Egypt's alliance with the West, in which the Gulf played a key role. The signing of this agreement with Israel resulted in an Arab boycott on Egypt, and Cairo's Arab League membership was suspended. However most private Gulf investments continued despite the action (Podeh and Winckler, 2002). In fact, the peace deal with Israel led many investors to believe that Cairo's peace with Israel made the country a more secure destination for capital. Regional crises such as the 1975-1990 Lebanese Civil War, the Iran-Iraq War, and Kuwait's Souq Al Manakh stock market crash in 1982 also caused the relocation of capital to Egypt (Feiler, 2003: 96).

The Egyptian military became an important ally for the Gulf states as its status as the largest Arab army offered a safeguard of regional stability and security. The alliance dates back to the early 1970s, when the Gulf states transferred large amounts of aid to the Egyptian military prior to the 1973 war with Israel. By supporting the Egyptian military and assisting its victory against Israel in 1973, the Gulf states succeeded in making a powerful

all classes - frustrated academics who could not find suitable employment, skilled and unskilled workers - to go abroad and to improve their standard of living; through this policy the government was able to avoid tension and remove political dangers from the Egyptian political scene," (2003: 107).

regional ally out of a potentially dangerous foe. The importance of this relationship was exemplified when Egypt joined the US campaign to recapture Kuwait in 1991, giving credibility to an intervention that neutralised a serious threat to the Gulf monarchs (Kamrava, 2011: 115).

Under Mubarak, the close relationship between the Gulf states and the Egyptian government continued but Saudi Arabia gradually became more dominant (David and Henderson, 2009).[37] As the Egyptian economy was liberalised in the 1990s the Gulf became one of the main sources of foreign capital. In addition to agriculture and food, which will be discussed in the coming chapters, Gulf companies invested in real estate projects, industry and tourism. According to Hanieh: “the process of liberalization in Egypt was to a great extent predicated upon the westward internationalisation of Gulf capital, and its incorporation into the anatomy of Egyptian class structure,” (Hanieh, 2013: 43).

The post-2011 era in Egypt is one in which the Gulf has played a pivotal role in Egyptian politics. Following the revolution in 2011, the Muslim Brotherhood’s candidate Mohammed Morsi was elected as Egyptian president. Qatar was Morsi’s main supporter in the region and the Gulf state granted more than US $8 billion in aid to his government (Abi-Habib and Abdellatif, 2013). Qatar also backed Morsi through its Al Jazeera network, the channels of which took a sympathetic position towards the president. Following the coup of 2013, the government of Abdelfattah El-Sisi was also supported by the Gulf, yet in this case it was

[37] According to David and Henderson: “Since then, the balance between Egypt and Saudi Arabia over the leadership of the Arab world has shifted in the kingdom’s favour. This is partly a reflection of the growing lethargy of President Mubarak, but also the surge of Saudi Arabia’s financial prowess, a consequence of the high oil prices, little-dented by the 2008/09 global economic downturn,” (David, Henderson, 2009: 8).

Saudi Arabia and the UAE who transferred billions in aid to the country. For these states one of the factors behind their support for Sisi's government was their discomfort with an Egypt that was led by the Muslim Brotherhood. This is an indicator that the dynamic in the relations between the Gulf and Egypt that started during Nasser's rule has continued until today, and the monarchs of the Gulf continue to regard Egypt's political status as a matter of regime survival.

2.8 Conclusion

This chapter has served as a historical account of the three food regimes in Egypt and the relationship between Egypt and the Gulf states. The first food regime in Egypt was characterised by the export of cotton to Europe, and the second food regime was defined by the import of grains from Europe and the US. The third food regime in Egypt was predicated on a shift in the state's management of the agriculture and food sector. The state withdrew from its management of the sector as a result of policies such as the removal of rent controls, privatisation of state-owned food companies, and the cutting of food subsidies. This was concomitant with the increasing levels of foreign capital, both from the West and the Gulf. As Egypt sought to increase agricultural exports and facilitate investment, foreign capital became increasingly embedded into the national food system. Foreign investors formed an agribusiness "tier" that dominated the production and consumption of food, in terms of its access to resources and its influence within the bureaucracy.

Each of the three food regimes was accompanied by a distinct political order and this is evident in Egypt. The first regime in Egypt was defined by British colonial power under which cotton production reached its peak, and the production of the crop took priority over the country's development. The second food regime was predicted by US power and its competition with the USSR, which pivoted on Global South states such as Egypt. In the third food regime the nature of the political system is more complex. The US remains the dominant power, but this is exercised in a multipolar system that features cores of accumulation and forms of extra-economic power such as military force. While the state's social responsibility has been subject to austerity, those parts of the state that facilitate capital have been elevated and granted more centralised decision making. Another aspect of this political system is an alliance between capital and the state, which comes in different forms. As will be illustrated in Egypt this alliance has a distinct feature that relies on the executive power of the Egyptian military and the presidency.

This chapter served to frame the lacuna that dissertation will respond to. The remainder of this thesis will aim to provide a contribution to the understanding of the corporate food system in Egypt by examining the role of Gulf investment. It will examine this in chapters that follow the supply chain through horticulture, industrial agribusiness and processing, and retail. The next chapter will examine the role of the financial sector in Gulf capital's internationalisation into Egyptian food and agriculture.

Chapter Three

The role of financial markets and institutions in the Gulf-Egypt region

3.1 Introduction

The Gulf-Egypt region is constituted by circuits of accumulation that have transcended spatial-temporal boundaries, and have territorialised within the social formations of the state. One way this has been established is through Gulf capital's investment in stock markets and private equity, and these financial structures bind the Gulf-Egypt region. This chapter will illustrate how these markets have provided access to Egyptian agribusiness for Gulf capital, with significant corollaries on the management of the sector.

Gulf capital's ownership of Egyptian food and agribusiness through financial markets and institutions has been undertaken in various ways. Stock markets have enabled Gulf investors to acquire companies that were previously state-owned. Private equity companies allow GCC firms to invest in funds that acquire agribusiness companies. In a related development, this chapter will also show how Egypt constitutes an important market for Gulf food conglomerates that are listed on GCC stock exchanges, and as a result Egyptian agriculture is a significant space of accumulation for Gulf financial markets. As will be illustrated, these investments provide structure for the relations within the state-capital nexus, and they ensure the mediation of the Egyptian state. Financial markets have resulted in joint shareholdings in companies between Gulf investors and the Egyptian state, and they have also created a relation between Gulf capital and Egyptian capitalists, who often have a close link to the bureaucracy.

Structures such as private equity companies and stock markets have allowed Gulf capital to acquire concentrated portfolios of assets, giving greater control across the supply chain and allowing the establishment of large market shares. This concentration of assets has been concomitant with an accelerated rate of acquisition and sale of agribusiness companies, and the last 20 years has possibly seen the fastest rate of exchange of ownership of companies in the history of Egypt's food industry. Often this vertical integration involves the spatial reorganisation of production, illustrating a link between financial markets and the scalar manner of space in the Gulf-Egypt region. At the national scale in Egypt this accumulation is playing a role in the reconfiguration of the spatial organisation of Egyptian agribusiness.

This chapter will argue that as a result of this process, Gulf capital has played a central role in strengthening the financial circuit's control over the production of food and agribusiness in Egypt. One corollary of this is management of food and agribusiness with the principle of exchange value rather than use value. Although this is not exclusive to financial institutions, the strategies and investment structures of these markets facilitate the extraction of value across spatial and temporal boundaries. This has resulted in the trading of companies, the dominance of shareholder value at the expense of workers' conditions, and the transfer of the use of land from agriculture to real estate.

3.2 The growth of financial markets in Egypt

Today Gulf capital is one of the largest foreign capitals in the Egyptian stock market and private equity industry. This position has been been facilitated by the rapid growth in financial markets and institutions over the last 20 years. While the growth of financial markets in the 2000s was a result of increasing liquidity in the region, in the early 1990s their development was a result of the policies of the Egyptian state. In free market reforms implemented as part of structural adjustment policies, the financial sector was considered as the best driver of private sector growth and the state sought to encourage its growth. One example of this policy was the liberalisation of interests rates, which resulted in an increase of the rate to almost 20% in the early 1990s. This drew in capital from around the region and led to strong growth in the banking sector (ESCWA, 2004: 11).

Another significant policy was the strategy of privatising companies through initial public offerings (IPOs) on the Egyptian stock market. This strategy pushed companies into the financial circuit and led to their acquisition by big investors and foreign capital.[38] The government initially sought to retain control of a majority share of the companies that it privatised through IPOs, but this was criticised by the IMF who pushed the government to relinquish control, in part as minority shareholders did not have the power to implement

[38] In 1991-1992 the government passed two laws that permitted the sale of state-owned entities to foreign companies and gave foreign investors on the Egyptian stock exchange the same rights as Egyptian investors, thus granting foreign capital access to all privatisations (IBP, 2007: 48).

restructuring (Amcham, 1997). In response to this, from 1996 onwards the Egyptian government embarked on a more radical phase of privatisation. By November of 1996, 22 companies were sold through the stock market at a total value of EGP 1.6 billion (ibid: 4). These IPOs contributed the biggest part of the total receipt of privatisations during this period, which amounted to a total of EGP 24 billion (ibid).[39]

This policy led to Egyptian food and agriculture becoming deeply embedded into financial markets. The IPOs of state-owned food and agribusiness companies raised the largest amount of the total funds raised from all offerings that took place between 1995-1996, and 11 of the 22 companies sold to the public as minority and majority stakes were in the food and agriculture sector (Amcham, 1997: 39-40). These companies ranged from providers of inputs such as pesticides to flour mills and beverage companies.

Privatising companies through the stock market assisted the government's aims of stimulating economic growth, and IPOs increased the capitalisation of the Egyptian bourse. In 1990 the total stock market capitalisation to GDP was 3.7% and by 2007 it had risen to 88.7% (Federal Reserve Bank of St.Louis, 2016). Another aim of the government was to widen the ownership base of companies amongst smaller investors, in order to create stakeholders in the free market economy. It is estimated that between 1993 and

[39] This new wave of privatisation resulted in restructuring and job losses. Prior to the start of the privatisation process in 1991 the number of workers employed in state-owned food and agriculture companies was estimated to be around 135,000, one of the biggest sectors in terms of employment (PCSU, 2002: 46). There are no figures for the number of redundancies made in these companies after they were privatised, however it is estimated that generally the privatisation policy reduced the number of workers who worked in state companies by around 300,000. In the state-owned Food Industries Holding Company around 7500 employees were made redundant (Amcham, 1997: 29).

1996 the number of domestic investors increased from 80,000 to 500,000 (Amcham, 1997: 4). However this was short-lived and in the 2000s, ownership on the stock market became more concentrated. By 2008 the 10 largest companies on the bourse, which accounted for 45% of the market's total capitalisation, were controlled by less than 20 families (Osman, 2013: 127).

In the 2000s the flow of Gulf capital into Egyptian financial markets intensified, marking the state of the contemporary phase, in which Gulf companies own large shares of Egyptian agribusiness through financial structures. Capital from the growth in oil revenues was absorbed by the financial circuit in the Gulf and this capitalised banks, equity and debt markets and private equity funds, as well as investment funds controlled by the Gulf states (Hanieh, 2011). The increasing size of the financial circuit in the Gulf led to an increase in foreign direct investment across the Arab region. In Egypt, Gulf investors' share of FDI is estimated to have increased from 4.5% in 2005 to 25% in 2007 (Mohieldin, 2008: 41). Although it is unclear exactly how much of this flowed into Egypt's financial markets and institutions it is likely to be a substantial percentage. The presence of Gulf capital in Egypt's financial sector can be illustrated by the shareholder structure of the country's banks and funds. Today, of the biggest 12 banks in Egypt, nine are owned or partly owned by Gulf capital.[40] Gulf investment also flowed into the Egyptian stock market. By 2007 the number of foreign institutions invested on the exchange reached its peak, and their shareholdings accounted for 47% of the market's capitalisation, a percentage that has since declined, partly due to the political instability following the 2011 revolution (Sourial

[40] See Hanieh (2011) for a full list of these banks and the nature of their shareholders (155-156).

and Amico, 2015: 14). It is likely that a significant proportion of these institutions came from the Gulf states.

Capital from oil revenues also filtered into the private equity industry in the Gulf and Egypt. Relatively unknown in the 1990s, private equity in the Middle East grew rapidly through the 2000s. Prior to 2004 the number of funds focussed exclusively on Egypt were eight and by 2008 this had increased to 36 funds managed by 13 different companies, with a total of $6.4 billion in committed capital (Ismail, 2010: 10). There are also now 35 regional funds that target the Arab region, and are estimated to be worth $6.1 billion; investments in Egypt are estimated to account for half of this capital (Ismail, 2010: 10). In Egypt, the private equity industry is dominated by a handful of companies such as Qalaa Holdings, EFG Hermes, Haykala, and Beltone Financial, most of which feature a component of Gulf capital.

The rising popularity of food and agriculture as an "asset class" in the Gulf can be observed in this period. In the 2000s the launch of commodity index funds (CIFs) allowed retail investors to speculate on agriculture commodities. There are now around 24 CIFs offered by Gulf banks that include agriculture as an investment.[41] Gulf institutions have also sought to access the commodity market and Gulf capital has invested in some of the largest agriculture commodity companies such as Glencore.

[41] One example is HSBC Saudi Arabia Limited's CIF, of which 43% is invested in agriculture and the total size of the fund is $10 million (HSBC Saudi Arabia).

3.3 The role of the Egyptian stock exchange

Gulf capital is the largest foreign capital in the food and agriculture index of the Egyptian stock market. At the time of writing in 2016 Gulf investors held majority or minority stakes in 15 of the 29 food and agriculture companies on the bourse, all of which are fully detailed on Table One in the Annex (The Egyptian Exchange, 2016).[42] By comparison Western investors have invested in only two of the companies on the exchange and is not a majority investor in any of the companies (ibid). The acquisition of food and agribusiness companies on the exchange has taken place in a variety of forms and this has led to a mosaic of relationships and partnerships that have allowed Gulf capital to territorialise in Egypt.

The stock market provided a means for Gulf investors to access the privatisations of state-owned companies, representing the role of this market in foreign capital's penetration of functions of social reproduction. Gulf investors have been one of the main beneficiaries of the IPOs of state assets on the stock market, and several of the companies that were privatised in this manner are owned or partly owned by GCC investors. For example Egyptian Starch and Glucose Company (ESGC) was privatised with a 51% IPO in 1996. The Kuwaiti Kharafi Group, through its Egyptian subsidiaries, is now a majority

[42] This is based on companies or individuals whose stakes are large enough to be named. This does not take into account small stakes whose owners are anonymous.

shareholder of the company, after it bought the remainder of the company from the state for EGP 128 million in 2004. The firm continues to be listed on the Egyptian bourse, but only around 8% of shares are open to be traded by the public (Zawya, 2016). As will be discussed later in this chapter this buy-out was criticised for its detrimental effect on the company and its workforce.

One feature of this form of privatisation is the creation of joint-shareholdings between Gulf capital and the Egyptian state. Some companies were only partly privatised and the state remains the majority shareholder, while private capital holds minority shareholdings. Examples of companies that were partly acquired by Gulf capital after IPOs include East Delta Flour Mills and Upper Egypt Flour Mills, two holding companies that control a number of smaller mills that produce flour for subsidised bread. This relationship will be discussed later in this chapter.

Another form of Gulf capital's acquisition of listed food and agriculture companies has been through banks and holding companies. This is an indirect form of ownership and indicates how food and agribusiness companies have been transformed into abstracted units that constitute a fraction of an asset sheet. An example of this is Atlas for Land Reclamation and Agricultural Processing, a company with a variety of activities in the agriculture sector. Gulf capital’s presence in Atlas is indirect and it is represented by minority shareholder Misr Financial Investments Company, owned by Ahli United Bank in Bahrain and a number of other banks (Zawya 2016.). In another example the majority shareholder of Ismailia National Company for Food Industries is Faisal Islamic Bank of

Egypt, which is owned by Saudi prince Mohammed Faisal Al-Saud (ibid).

Aside from privatisations, the Egyptian stock market has allowed Gulf capital to territorialise deeper into Egypt through IPOs of companies that are owned or partly owned by GCC investors. This incorporates a broader range of Egyptian capitalists, creating new stakeholders and spreading risk. One example is Juhanya’s listing in 2010 in which it raised EGP 1 billion in an IPO (Saleh, 2010). Juhayna is Egypt’s largest dairy and juice company, and a minority share is owned by Saudi investors. A more recent example of an IPO was Domty, which listed on the Egyptian bourse in 2016. The company offered 49% of its shares in the offering in an attempt to raise EGP 300 million (Ahmed, 2016a). The company is owned by the Egyptian Damaty family and Yehya Bin Laden, a Saudi businessman (EFG Hermes, 2016). [43]

IPOs have played a role in raising capital for investment in productive capacity, which has built the monopoly market shares of Gulf-owned companies. Often these investments are based on vertical integration, allowing companies heightened control over the supply chain and power over resources. Following Juhayna’s IPO in 2010, the company expanded and it reportedly invested the majority of the offering's proceeds in new dairy herds, farms on reclaimed land that could supply cattle feed, inputs for its juice operations, and distribution logistics (Oxford Business Group, n.d.). Domty also sought to use the proceeds from its

[43] Ninety percent of the shares were acquired by institutional investors, a number of them foreign (Ahmed, 2016b).

IPO to expand its operations.[44]

A benefit of a stock market listing is that it allows a company to embed deeper into the Egyptian milieu. A listing creates new stakeholders in the form of institutional and retail investors and also helps a company project an image of being Egyptian, regardless of its ownership. This can offer a company protection in an environment in which firms have been targeted as a result of the political relationships of their shareholders. One example of this is Juhayna, whose chairman Safwan Thabet had his shares in the company frozen by a court order in 2015 after he was accused of having links to the Muslim Brotherhood (Farid, 2015a). However, the company continues to trade and there are no reports that any of its other activities have been impeded, or that other shareholders face prosecution. Its status as a large listed company with influential investors in Egypt and the Gulf may have offered it some protection, regardless of the political leanings of its chairman.[45]

A stock market listing on the Egyptian bourse also has tax benefits. For some time listed companies did not have to pay tax on dividends. In 2014 a levy on dividends was introduced but listed companies can circumvent this regulation by rewarding shareholders

[44] Following the IPO, one of Domty's executives said in a media interview: "An EGP 300m capital injection subsequent to the IPO will be deployed to expand our distribution network, allowing us to widen our national footprint; to introduce new product categories; and to expand our operations to high-growth African markets," (Ahmed, 2016a).

[45] Juhayna has also received loans from the European Bank of Reconstruction and Development (EBRD), and this may be another stakeholder that raised the status of the company.

with bonus shares (Farouk, 2016a). In some cases the free float of shares is less than 10%, and the other shareholders are a small number, but companies can still claim these benefits.

3.4 The role of private equity

Private equity has provided another route for Gulf capital into Egypt's food sector, either through Egyptian private equity companies that feature a component of Gulf capital, or through private equity companies that are located in the GCC and are invested in Egypt.[46] In 2016 six major private equity companies with Gulf shareholders owned around 11 food and agribusiness companies in Egypt, and a full list of these companies is available in Table Two in the Annex. Only one of these six companies had received investment from Western capital.

The private equity industry is a powerful format that has provided Gulf capital with rapid access to Egyptian food and agriculture. The concentration of capital in funds managed by a politically influential management has enabled the acquisition of vertically integrated portfolios of agribusiness assets. In contrast to companies listed on the stock market, the private equity company has a shorter term outlook in which the aim is to sell the company after its restructuring. A characteristic of private equity's agribusiness acquisitions is the

[46] It should be noted that private equity has a range of different management practices and there is some dispute over whether firms in Egypt can actually be classified as private equity. This debate notwithstanding, this thesis will use the term private equity to describe these companies.

speed of acquisitions and sale, and in some cases companies that have been family-owned for decades, changed hands several times after they were bought by the private equity industry in the early 2000s.

The private equity industry is attracted to the food industry in Egypt as it offers the chance to acquire businesses that serve a large and growing market, and the management of these companies are explicit about their view that the country represents a “demographic play”. One manager of a Gulf-based private equity firm that concentrates on health care alluded to this strategy in an interview: “In Egypt we’re working on demographic plays that are feasible, scalable, that don’t rely on the welfare system and that are targeted for middle, upper-middle class and rich people,” (Bouyamourn, 2015).

One example of Gulf capital investing in Egyptian agribusiness through the private equity mechanism is Qalaa Holdings, formerly known as Citadel Capital. Qalaa is the largest private equity company in Egypt and it has made a number of acquisitions through its agribusiness holding company, Gozour. Gulf investors were the main source of capital for Qalaa (Bishop, 2012: 227). Its shareholders include the Olayan Group, a large influential Saudi conglomerate and Sheikh Mohammed bin Suhaim Al-Thani, a member of the ruling family of Qatar (First Equity Partners n.d). Emirates International Investment Company, a company owned by two senior members of the ruling family of Abu Dhabi, Ahmad bin Zayed Al-Nahyan and Saif bin Zayed Al-Nahyan has also been a significant shareholder in Qalaa (Zawya, 2006).

EFG Hermes, a Egyptian investment bank and private equity company, also includes a significant component of Gulf capital. Investors in EFG have previously included Dubai Financial Group, a company owned by Sheikh Mohammed Al Maktoum, the ruler of Dubai, and Saudi businessman Abdulmoneim Rashed Abdulrahman El Rashed, who currently owns 7.72% of the company (Zawya, 2016). In 2006, EFG Hermes established a food and agribusiness fund, Horus, with a capital of US $46 million in partnership with Rabo Bank, a Dutch bank that specialises in agriculture (Ismail, 2009: 97). Gulf investors directly account for around US $6.6 million of this capital, and this excludes banks that are owned by Gulf investors, and offshore funds in which the identity of shareholders is not open to the public (Halime, 2014). As of 2009 the fund invested 57% of its capital in four companies, among them Wadi Foods, El-Misriyyeen and Edita Food Industries (EIPR, 2016).

Other examples include Abraaj Capital, which is based in Dubai and has investments across the region. Its acquisitions in Egyptian agribusiness include Spinney’s Supermarket and Agrocorp, a horticulture exporter. Abraaj’s shareholders feature several members of Gulf ruling families such as Nawaf bin Nasser Al-Thani and Khaled bin Zayed Al-Nahyan (Zawya, 2016). Other shareholders are Saudi businessman and Abdulrahman Ali Al-Turki and Saud Abdulaziz Kanoo, a member of the prominent Bahraini business family (ibid). Other Gulf private equity companies that own assets in Egyptian agribusiness include Amwal Al Khaleej, which is a shareholder in Upper Egypt Flour Mills and Dubai-based Growth Gate Capital, which owns International Food and Consumable Goods (IFCG), a frozen food processor.

3.5 Egyptian agribusiness and Gulf stock markets

In addition to its absorption into Egyptian financial markets, food and agribusiness in Egypt has also become embedded into markets in the GCC. Egypt has become an important space of accumulation for Gulf stock markets, and it is the most important non-Gulf market for agribusiness conglomerates listed on GCC stock markets. This is a further indicator of the role of financial markets in creating circuits of accumulation that bind the Gulf-Egypt region. A handful of large conglomerates control assets across the supply chain in Egypt and their listing on Gulf stock exchanges has allowed the concentration of capital that has built these huge market shares.

Of particular significance in this section are three companies: Savola, Kuwait Food Company and Al Marai and to a lesser extent Majid al-Futtaim. The following table indicates food and agriculture companies that are listed on GCC stock and bond markets, and have significant operations in Egypt:

Company	**Market**	**Background**
Savola	Saudi stock exchange	In Egypt, Savola owns two sugar refineries and claims to control the majority of the pasta market. In 2013 the company issued bonds in Saudi Arabia worth US $400 million

Al-Marai	Saudi stock exchange	Al-Marai owns Jannat Agriculture Development Company, whose Egyptian subsidiary Al Rakha Company owns reclaimed farmland in Egypt.
Kuwait Food Company (Americana)	Kuwait stock exchange	At the time of writing Kuwait Food Company was in the process of being sold to a UAE consortium. The company also launched a sukuk.
Majid Al-Futtaim	Nasdaq (Dubai)	It listed a $400 million bond in 2013.

Sources: Zawya, Savola company reports, Al-Marai company reports.

Savola and Al Marai, two of the largest food conglomerates in the Arab region, are listed on the Saudi stock market. The Saudi exchange is the largest in the GCC and the value of the listed companies is estimated to be US $570 billion (Petrof, 2015).[47] In 2015, food and agribusiness accounted for 6.3% of the total market capitalisation, making it the fifth biggest sector after banking, petrochemicals, real estate and IT (Ahmed, Anwar, 2015). Food and agriculture indexes are an important category of these stock markets and they offer investors the chance to access the commodities market, which is less reliant on oil revenues than other areas of the economy. This was especially important at the time of writing, given that the price of oil had fallen substantially, and the positive announcements of food companies can raise indexes on the markets.[48]

Savola is an agribusiness conglomerate that has invested heavily in Egypt and a significant proportion of its revenues accrue from its Egyptian operations. Savola is one of the largest food companies in the Middle East. It is listed on the Saudi stock exchange, and it is the 15th largest company on the exchange with a market capitalisation of $10.79 billion (Ovaska and Fitch 2015). As will be illustrated in coming chapters, Savola is a Gulf company that has been pivotal in the construction of the corporate food system in the

[47] Unlike other Gulf exchanges that are closed to non-GCC citizens, Saudi Arabia permits foreign investors.
[48] In April 2016 it was reported that the Saudi stock exchange index increased by 1.4% after Al-Marai, a dairy producer that will be discussed in this section, reported a rise in profit (Ahram Online, 2016).

Middle East region.[49] It has assets across a vertically integrated value chain and it has activities in four separate divisions; foods, retail, plastic and investments, which includes several real estate subsidiaries. In an indicator of the company's influence and links to the Saudi state, the company's major shareholders have included prominent Saudi investors such as the Al-Muhaidib and the Issa families and also members of the ruling Al-Saud family such as Al-Waleed bin Talal (Zawya, 2016).

Savola's total revenues in 2014 were $7.6 billion in 2014, and of this the company's oil and sugar activities in Egypt accounted for $930 million (Savola, 2014: 39). These revenues are a result of substantial investments in Egypt since 1992, the company's largest outside the Gulf. Currently the company has around US $500 million of fixed assets in the country (ibid). This investment has enabled the company's Egyptian subsidiaries to develop large market shares of the pasta and cooking oil markets. In 2009 Savola established Alexandria Sugar Company, which the company describes as being the first fully integrated company in the Savola group. An interesting characteristic of Savola is that it invests in financial services, illustrating that its profit, some of which derives from its operations in Egypt, is channelled into the financial circuit in the Gulf.[50]

[49] The company is active in a number of Arab markets and also has interests in Iran, Kazakhstan and Turkey. Given the tension between Saudi Arabia and Iran, the extent of Savola's activities in the Islamic Republic are surprising. The company owns large shares in Iranian oil and sugar companies that have large market shares. Its interests in Iran are estimated to account for 13% of its revenues (Lavasani, 2016).

[50] In 2005 Savola launched Intaj Capital, a US $ 200 million fund with Swicorp, which was aimed at investing in consumer goods, retail, communications, financial services, and infrastructure. Savola was also a participant in a fund called Joussour, a energy fund that was launched by Swicorp and the Saudi Arabia General Investment Authority (SAGIA). In a sign that Savola will become further influenced by the financial industry, in 2016 it was announced that the company had appointed the former head of JP Morgan Saudi Arabia, Rayan Mohammed Fayez, as its new chief executive (Reuters, 2016).

Savola owns other agribusiness companies that rely on revenue streams from Egypt. Savola is a 36% shareholder in Al-Marai, one of the largest dairy companies in the world, which also has product lines in poultry, juice and bread (Zawya, 2016). In 2015 Al-Marai had a market capitalisation of US $14.4 billion, making it the tenth largest company on the exchange (Ovaska and Fitch 2015). Al-Marai entered Egypt in 1998 in a joint venture with Pepsico. The company is called Beyti and it is planning to invest $500 million to develop the largest dairy farm in Egypt. Beyti already has a large presence in Egypt and the firm has 20% of market share in terms of juices, dairy, and yogurts, and the company aims to raise this to 35% (Farid, 2015b). Of the company's US $3.36 billion revenue in 2014, 5% accrued from Egypt, making it the firm's biggest market outside of the GCC (Al Marai, 2014: 53). In 2015, this figure rose to 6.4% (Al Marai, 2015: 3). As a sign of the company's relationship with the Saudi state, Al-Marai was founded by a member of the Al-Saud family (Zawya, 2016). Al-Marai's subsidiaries have also invested in Egypt. One company is Jannat Agriculture Company, which is the majority shareholder in Al Rakha, an Egyptian company that owns 10,000 acres in Sharq El Oweinat (Zawya, 2016). The Al-Rajhi banking family are also shareholders in the company.

Another company listed on the Saudi exchange is Kingdom Holdings and it is the 6th largest company on the bourse. Kingdom Holdings is a holding company owned by Al-Waleed bin Talal Al-Saud and it is a multi-sector investor. Kingdom Holdings owns Kingdom Holdings Agricultural Development Company (KADCO), a anchor investor in Toshka, a large land reclamation project that will be discussed at greater length in the next chapter.

Another large GCC food and agribusiness company that derives significant revenue from Egypt is Kuwait Food Company, which is listed on the Kuwait stock exchange, and it has a market capitalisation of US $2.95 billion (Zawya, 2016). Kuwait Food Company is the holding company of Americana and several companies in Egypt, including Farm Frites and Cairo Poultry Company. Perhaps more than any other company in the region, Americana is responsible for the import of Western fast food brands to the Middle East. The company owns the franchise of Kentucky Fried Chicken and a number of other fast food brands in the region such as Pizza Hut and Krispy Kreme. Egypt is an important market for Americana and in 2014 Egypt and Africa accounted for $1 billion of its total revenues of $3.2 billion (Americana, 2014: 87). The company's annual report does not distinguish between Egypt and the rest of Africa but it is reasonable to assume Egypt accounts for much of that revenue. As will be discussed in Chapter Six, Americana's operations in Egypt are extensive and in 2014 the company had 396 restaurant outlets in Egypt (American, 2014: 22). In a characteristic that is similar to Savola, Kuwait Food Company is part of a conglomerate with a range of activities in the Gulf. The company is owned by the Kharafi family, the owners of one of the largest conglomerates in the region with assets in banking, engineering, tourism, and industry. The family own around 16% of the National Bank of Kuwait, the largest bank in Kuwait and also a number of other financial institutions. In 2015 it was announced that a 69% stake in Americana would be acquired by Adeptio, a UAE consortium led by Mohammed Al Abbar, a Emirati who is the chairman of the state-owned Emaar Properties. The stake is valued at $1.77 billion (Bianchi and Mathew

2016).[51]

Egyptian agribusiness has also been linked to Gulf financial markets through the bond market. The issuing of securities has become more common in the Middle East region through conventional bonds but also sukuks, a instrument compliant with Islamic law. Majid Al-Futtaim Holdings (MAF) is an Emirati conglomerate that owns the Middle East franchise of Carrefour, and has 17 supermarkets across Egypt. MAF raised capital through the issuance of sukuks and in 2013 it listed a $400 million bond on the Nasdaq Dubai exchange (Gulf News, 2013). In another case, Savola raised $400 million in 2013 through the issuing of a sukuk in Saudi Arabia and in 2015 Al-Marai raised US $426 million through the sale of a sukuk to Saudi investors.

3.6 Financial markets and the state-capital nexus

The financial markets and institutions discussed here are a material manifestation of the social relations that form the Gulf-Egypt region. Through these markets, Gulf investors have entered into partnerships with the Egyptian state, and Egyptian capitalists with close connections to the state. These partnerships have territorialised Gulf capital and embedded it into the Egyptian space, obfuscating its status as foreign; institutions such as Qalaa appear to be Egyptian, even when they are partly a creation of Gulf capital. This has ensured the mediation of their investments by the Egyptian government, and as will be

[51] This is a major deal that may stimulate the Gulf's mergers and acquisition (M&A) market. According to a lawyer quoted in a media article: "I think a transaction of this size and complexity provides a timely shot in the arm for the high-end M&A market in the region," (Kerr, 2016).

discussed in the coming chapters, these companies have benefited from the allocation of state resources. In this context these markets have played a key role in forming the state-capital nexus.

The Egyptian stock market has allowed Gulf investors into the heart of the government-controlled food system. The IPOs of public assets in the 1990s created joint shareholdings between Gulf capital and the state. Upper Egypt Flour Mills and East Delta Flour Mills, two state-owned companies that were partly privatised are now partly owned by Gulf investors. A minority stake of Upper Egypt Flour Mills is owned by the Egyptian subsidiary of Saudi private equity company Amwal Al Khaleej, which is owned by several prominent Saudi investors. Ten percent of East Delta Flour Mills is owned by Mohammed Al-Rajhi a member of the family that owns Al-Rajhi Bank, the largest bank in Saudi Arabia (Zawya, 2016). This holding makes Al-Rajhi one of the largest minority investors in a company where the majority shareholder remains the state. The Egyptian government is represented through the Food Industries Holding Company that is controlled by the Ministry of Supply and Internal Trade (Zawya, 2016). These flour mills are central to food subsidies as they are two of the five mills that produce more than 70% of the flour for subsidised bread in Egypt (Kamal, 2015: 41). Other examples where the privatisation of state companies through IPOs have created joint shareholdings between Gulf capital and the Egyptian state include Sharkia for Food Security, 20% of which is owned by Saudi investor Nawaf Abdullah bin Dayel making him the largest shareholder. The company was established in 1981 as a state-owned company and specialises in poultry and livestock feed.

The relationship embodied in these companies pushes the logic of private capital's accumulation into the state food system and sets a precedent for further privatisations of food companies. In 2015 the supply minister announced that it was considering privatising the Food Industries Holding Company in a IPO (Reuters, 2015). The minister said that the offering for a company that has 43 subsidiaries could raise between EGP 3-4 billion. If this does take place, such a IPO would represent a huge withdrawal from the state subsidised food system, and given that Gulf capital has become a beneficiary of many of these privatisations, it would possibly have a role.

In terms of private equity, the management of these institutions are politically influential and this has provided a fulcrum for Gulf capital's penetration of food and agribusiness. The executives of these companies are closely connected to the Egyptian ruling elite, a social relation that has enabled them to benefit from privatisations and government policy. For example, Qalaa was founded by Ahmed Heikal, the son of Mohammed Heikal, a well-known journalist who was an advisor to President Nasser. Mohammed was the host of a popular programme on Al Jazeera in the 2000s and according to one interviewee, Mohammed’s status assisted Ahmed in raising funds in the Gulf[52]. Heikal is married to the daughter of Nabil El Araby, a former Egyptian foreign minister. In an example of a revolving door between the private sector and the Egyptian state, Hatem Saleh the former CEO of Gozour, a Qalaa subsidiary, was appointed minister of trade and industry in 2012. Saleh also held management positions with other food and commodity companies such as

[52] Interview, Cairo, October 2016.

Beyti, Procter and Gamble, Unilever and Farm Frites.

In a similar manner to Qalaa, EFG Hermes also represents the class relations behind the state-capital nexus. One of the founders of EFG was Hassan Heikal, the brother of Ahmed Heikal. Gamal Mubarak, the son of President Hosni Mubarak, was a major investor in EFG and he was estimated to have owned 35% of EFG Hermes (EIPR, 2016). EFG Hermes ran Horus Food and Agribusiness Fund that included a number of prominent Gulf investors such as Zad Global Investments Fund, the investment vehicle of Prince Mishal Al-Saud, a member of the Saudi ruling family (Halime, 2014). Gamal Mubarak's shareholdings in EFG and a number of other companies were hidden by a complex structure that involved offshore companies in tax havens. However in the case of Horus Food and Agribusiness Fund he was actually named as a director of the company (Besedova and Lustgarten, 2012: 21). EFG's close relationship to the state is indicated by the role the institution played in advising the government on the privatisation process.[53] This format of Gulf capital and politically influential Egyptian shareholders appears to have been highly profitable, and one recent study estimated that every dollar Gamal Mubarak invested in EFG turned a profit of $12000 within a decade (Diab, 2016).

These relations with the state are likely to have been a major factor behind the success of

[53] EFG's chairman Mohamed Taymour, was quoted as saying: "I think that we have been instrumental in helping the government with the privatization activities. Many of the large privatization activities that were undertaken were marketed by EFG-Hermes through our brokers and investment banking activities, like the cement factories, tobacco, real estate, etc. I think that we benefited as a firm from the privatization program and we like to think that we contributed to the program at the same time," (Hanieh, 2013: 257).

these companies. Qalaa was a beneficiary of the privatisation process and it made huge profits by purchasing state companies, restructuring them and then reselling them to other investors. In 2005 Qalaa and a consortium including Saudi-food conglomerate Savola, bought Egyptian Fertilizers Company from the Egyptian state for $739 million. Two years later, the company was sold to Abraaj Capital for $1.4 billion (Gara, 2011). The deal was the biggest private equity deal to have taken place in the Arab region at that time. Qalaa was also accused of benefiting from a similar sale after it bought Helwan Portland Cement from the state and later sold it at double the price.

Since the 2011 revolution Qalaa and EFG Hermes have been subjected to some scrutiny as a result of these political links. Gamal Mubarak's role in EFG Hermes led to accusations of corruption and a travel ban was imposed on Hassan Heikal. Qalaa's role in the privatisation of Helwan Portland Cement was subject to investigation, and a travel ban was imposed on Ahmed Heikal and Atef Ebeid, the prime minister between 1999-2004 with whom Heikal was accused of conspiring with in this case (Hussein, 2011). These funds have also had to contend with an economic recession that took place after 2011. This hampered their ability to complete the deal cycle and exit companies. Between 2010-2013, Qalaa recorded losses of $180 million (Ahram Online, 2013). So far Qalaa has only exited from eleven of the 54 acquisitions made since its inception in 1990. In order to return capital, Qalaa has announced that it intends to sell its "non-core assets", and this was behind its sale of the food companies El-Misriyyeen and Rashidi El Mizan in 2015. In the same year Qalaa also announced that it was considering selling Dina Farms (Elyan, 2015).[54]

The relations described here illustrate how financial markets and institutions form structures that allow the accumulation of Gulf capital in Egypt. This accumulation has been mediated by the state, sometimes in direct forms such as joint-partnerships, but also through the connections of the Egyptian management and shareholders. In many of the companies that have been mentioned in this chapter Gulf investors are removed from the politics of these investments and there is considerable distance, both spatially and socially, between shareholders and the place of production, the workers and the environment. As a result of the partnership with Egyptian businessmen and the state, these social realities have been abstracted to figures within company accounts. For Gulf investors, interaction with Egyptian agriculture and farmers does not take place in the fields or in the factory, it takes place in quarterly meetings held in the boardroom of offices in cities such as Cairo and Riyadh.

3.7 Vertical integration and the extraction of value

The Gulf-Egypt region embodies scales through which value is extracted. These spaces of production allow enhanced control over the means of production and this will be discussed at length in Chapter Five. One manner that control over these spaces of production is intensified is through vertical integration, a strategy based on the acquisition of companies

[54] At the time of writing there were rumoured to be a number of interested parties, including corporates from the Gulf, but so far a sale has not been completed.

and assets across the supply chain, which are intended to complement each other and facilitate the reduction of costs. This strategy takes place throughout the agribusiness sector, but it is particularly noticeable in the activities of private equity and the industry's concentration of capital allows multiple acquisitions that enable vertical integration.

Companies with a vertically integrated supply chain are considered to be more competitive, as they have more control over their raw materials and other inputs. As a sign of the heightened control over the relations of production, vertical integration internalises the supply chain in one company. This places an emphasis on extracting profit through creating synergies, rather than through investment in long-term productive capacity.

The practice is particularly noticeable in the activities of Qalaa, and the firm has developed a reputation for basing its business model on the strategy (Bishop, 2012 :147). Qalaa’s agribusiness subsidiary Gozour was built on a strategy of vertical integration. It was started in 2007 with equity of $257 million, making it the largest holding company in Egyptian agribusiness at that time (Ismail, 2009: 178). The fund was launched with the aim of investing in the agribusiness sector, rather than a specific company.[55]

Gozour is divided into three separate divisions. These subsidiaries are agribusiness and

[55] One of the company’s executives explained: “Typically, when we’re raising money, it isn’t just for a specific acquisition or project, but a theme, so for instance if we are raising money for an investment in food processing, it won’t just be for one deal but to use as a base for multiple other acquisitions to create a regional play in that industry,” (Bishop, 2012: 228).

dairy (Gozour Agri), fast-moving consumer goods (Gozour Foods) and sugar and corn processing (Gozour Intermediate) (Dixon, 2013b: 9). These divisions feature a number of subsidiaries in different stages of the supply chain, and the creation of this large portfolio is an indicator of how Gozour extracts value by creating synergies with other companies it owns. Examples of these firms include Dina Farms, a dairy producer with the largest dairy herd in Egypt, Wafraa a company with the rights to 574,000 feddans in Sudan, Rashidi El Mizan, a jam producer, and El-Misriyyeen, a cheese manufacturer. The companies in these divisions were acquired on the basis that they complemented other Gozour subsidiaries. This synergy can be achieved through the acquisition of a company that produces raw materials for another subsidiary, or through the consolidation of facilities such as warehouses, transport and logistics (Ismail, 2009: 180). Qalaa's management considered this as a response to the "fragmentation" of the food industry.[56] In some cases companies were acquired with vertical integration being the main priority. For example, Gozour acquired dairy producer El-Misriyyeen in 2007 for EGP 88 million (Abdel Razak, 2008). The company had 1% of the cheese market and it was in need of investment in order to modernise its production. Qalaa believed that the company would be profitable when combined with other Gozour companies. In a media interview, Qalaa executive Hisham El-Khazindar explained: "it is a company with vast potential that is in need of further restructuring and capital injection. As a stand alone investment, it might be questionable, but its integration in Gozour makes perfect sense," (Abdel Razak, 2008).

[56] According to a Qalaa report in 2008: "Industry fragmentation across MENA and a lack of large scale investments have opened up multiple opportunities in the foods sector" (Citadel Capital 2008).

Another company that was bought with vertical integration in mind was Rashidi El Mizan (REM) in 2007. Qalaa invested EGP 100 million into the company and also bought a manufacturer in Khartoum in order to open up the Sudanese market (Salah-Ahmed, 2012). A Gozour subsidiary that was intended to complement REM was National Company for Maize Products (NCMP), which was acquired in 2007 and would provide inputs for REM.[57] The internalisation of the supply chain can make companies more competitive, allowing for increased profits.[58]One of the managers of REM said access to NCMP's products would give them increased control over the cost of sesame seeds, the price of which had tripled in the three years prior to 2008.[59] In 2012, another executive of REM said this vertical integration had improved profit margins as it ensured that no raw materials were imported, an important factor given the devaluation of the Egyptian pound that has taken place since 2011.

[57] In a media interview the chairman of REM Mohamed El-Rashidi said: "Securing our own raw materials through the output of National Company for Maize Products (NCMP) and Dina Farms, in addition to future plans to cultivate several crops and acquire more companies, will help us lower our production costs, which will definitely be reflected in prices," (Abdel Razak, 2008).

[58] In a media interview Ahmed El Rashidi said: "You are converting 100 per cent purely Egyptian product with zero imports, to an exportable product. It's very strategic," (Salah-Ahmad, 2012).

[59] The chairman said: "You can only blame me for raising prices when I have control over the cost of raw materials and that is what we will have in the future," (Abdel Razak, 2008).

For a company as large as Qalaa, vertical integration can be extended into many different sectors, and it has integrated the logistics required for the circulation of commodities. One of Qalaa’s companies, Nile Logistics, aims to expand logistics networks between Sudan and Egypt using transport boats on the Nile. Qalaa’s energy subsidiary TAQA acquired a chain of petrol stations, a refinery, and a plot of land adjacent to the Suez Canal on which a logistics and energy hub is planned (Citadel Capital, 2008). Qalaa’s acquisition of a 85% stake in Rift Valley Railways, the national rail operator of Kenya and Uganda opens up the possibility of an expansion into East Africa for other companies in the Qalaa portfolio (Qalaa Holdings, 2016). In addition to logistics, Qalaa has also acquired waste companies. The disposal of household and agricultural waste has been traditionally dealt with by informal collectors known as “zabbaleen”. However in recent years corporations have entered the market and Qalaa owns two companies in this sector.[60]

Another example of the link between Gulf capital and vertical integration is EFG Hermes’ Horus Food and Agribusiness fund. The capital it injected into agribusiness companies was used to pursue strategies of vertical integration and expansion. Horus owned a 5.90% stake in Wadi Foods, an agribusiness conglomerate with a number of different activities, and the acquisition of this stake allowed the company to expand its operations and vertically integrate (Arab Finance, 2011). The company has recently reclaimed 5000 acres of land for its horticultural production and also has an animal feed producer for its poultry productions (Saleh, 2013). In 2016 it was announced that Horus would be divesting from

[60] The companies are Egyptian Company for Solid Waste Recycling (ECARU) and a solid waste management company, Engineering Tasks Group. ECARU aims to convert agriculture and municipal waste into compost and animal fodder (Qalaa, 2016).

Wadi Foods (Ezzat, 2016). Edita Food Industries was another Horus investment. The company is one of the biggest producers of cakes in Egypt and since Horus' investment it pursued vertical integration and a strategy of expansion. In 2006, Edita had six production lines, and by 2014 this had increased to 21 (Edita, 2015). [61]

3.8 Exchange value over use value, the management of food by finance

As a result of the levels of investment illustrated in the previous section, Gulf capital has played a role in intensifying the financial circuit's control over food and agribusiness in Egypt. This has played a role in privileging the exchange value of food over the use value, a process that can be found across the agribusiness sector but one that is particularly visible in those companies owned by financial institutions. This can be observed in the manner that a company or piece of land is not valued for its productive ability but rather its market price (Moore, 2010; McMichael 2009). This transformation has enabled the extraction of profit at a faster rate, meeting the demands of shareholder value, often while working conditions for the company's labour force have deteriorated. This illustrates the role of financial markets and institutions at the heart of the Gulf-Egypt region's value relations, in which value is channelled to conglomerates in the GCC amid worsening labour rights, and rising food insecurity in Egypt. In this region, value is longer defined just at the place of production, either the farm or factory, rather it is also abstractly determined by speculative financial institutions, it has become "footloose; it is increasingly becoming 'a ghost'" (Van der Ploeg, 2008: 258).

[61] Edita launched an IPO on the Egyptian bourse in 2015 (Farid, 2014).

This process is particularly clear in private equity, an industry that is based on extracting profit through exchange value. Firms owned by private equity firms have been bought and sold multiple times. This pattern suggests that after these firms have entered the financial circuit, and are subject to restructuring, their fungibility is enhanced and they become assets that can be repeatedly bought and sold. Restructuring facilitates this fungibility as it imposes redundancies and cost cutting, and also installs management practices that are in line with private equity and financial institutions. Of particular importance is the manner in which the history of previous acquisitions gives buyers confidence, as it sets a benchmark that establishes the approximate price of companies within the market. Another feature to private equity's strategy is temporal and it has the potential to return substantial profit to shareholders in shorter periods.

Rashidi El Mizan (REM) was bought and sold several times by different private equity companies at considerable profit, allowing the extraction of value. REM was a family-owned company until 2000 when the company was bought out by US food conglomerate Best Foods, which later merged with Unilever. In 2002 Unilever sold REM to Commonwealth Development Commission (CDC) for EGP 92 million. CDC is a private equity fund that was previously owned by the UK state and is now a partner of the private equity company Actis. In 2007 REM was sold to Qalaa Holdings for EGP 410 million and at the end of 2015 the company was sold to the Olayan Group for EGP 518 million (Qalaa Holdings, 2016). Evident in the example of REM is the substantial increase in the valuation of the company since its initial buyout in 2000. The restructuring that was imposed on the firm and its vertical integration enhanced its profit margins substantially. In a 2008 media interview the chairman of REM said the company's profits since 2000 were equivalent to the company's entire profits since its founding in 1889 (Abdel Razak, 2008).

Another example is Nile Company for Food Industries, which is known by its trading name Enjoy. It was acquired in 2005 from its family owners by Haykala, a private equity company, for US $16 million (Dubai Beat, 2009). Haykala is a private equity company that is partly owned by Gulf investors, and shareholders include Commercial Investment Bank (an institution partly owned by Gulf capital) as one of its major investors and Al Futtaim Capital, owned by members of the Futtaim family in Dubai (Bayt n.d.). In 2009 Enjoy was acquired by Gozour for an undisclosed sum. According to a manager of Haykala who was quoted in the media at the time of the deal, Enjoy had been subject to restructuring that increased its profitability and it became "institutionalised", a likely reference to homogeneous management practices that have enhanced its fungibility in the financial circuit.[62]

Agriculture land is a commodity often defined by exchange value, particularity when it is managed by financial markets. The low level of fixed investment allows a level of fungibility that is not available in other assets, and it can absorb surplus capital in a means that is

[62] The manager said: "Haykala has successfully completed its originally planned value creation model in Enjoy. Under our control, the company regained its brand equity and market share. It has turned from a family-run business into an institutionalized one, and we were able to reposition it as a leading brand. It's time for Enjoy to move into the control of another investor that can take it into the next phase of its life cycle," (Qalaa Holdings, 2009).

temporally flexible, rather than a more complex investment such as factory. A good example of this is Dina Farms, a subsidiary of Qalaa Holdings, the operations of which are located in the Nile Delta, in an area that is adjacent to the Cairo-Alexandria Desert Highway. According to two interviewees who are familiar with Dina Farms, the company's 10,000 feddans of land in the area is considered to be one of its biggest assets.[63] Yet this land is not primarily considered valuable due to its agricultural use, but rather because of its value for luxury real estate projects. As a result, interviewees say the company would like to relocate its farms to a more remote location and sell its farm to developers. However such a scheme would depend on the government reclassifying the land in order to obtain the necessary permits for construction. Possibly as a result, there is a narrative within parts of Egypt's agribusiness sector that the area is no longer suitable for agriculture due to a fall in the water table. In fact the change in the level of the water table may be negligible, and this may just be part of an attempt to persuade the government to allow building permits on agricultural land.[64] In this case, the characteristics that valorise agricultural land (such as water resources and soil) and grant it use value are being devalued, in order to enhance its exchange value.

In Egypt the value of land has an extra dimension as a result of the practice of land reclamation, which will be discussed at length in the next chapter. These projects, even

[63] One interview in Cairo in September 2013 and another in November 2013.
[64] These complaints drove plans for a World Bank funded project to expand the network of water canals into the area. The bank initially agreed to the project and the Agence Francaise de Developpement also became involved but after the revolution of 2011 the project was cancelled (Sims, 2014, 88-92).

when they lie unused or undeveloped, can serve as a secure asset class that absorbs surplus capital and hedges against inflation. This should be considered in analysis of the strategies of businessman who have invested in these projects. For example, Prince Al-Waleed bin Talal, a major stock market investor, and members of the Al-Rajhi family, the owners of the largest bank in Saudi Arabia, have invested in the Toshka project. Another potential dimension is that land that has been allocated to these investors by the Egyptian government can be transformed into an asset that can be securitised against. This is a form of fictitious capital, as land that previously had little value has been brought into circulation and given a market value.[65]

A regime that privileges exchange value extracts profit at the expense of workers. Companies that are listed on the Egyptian stock market, which are partly owned by Gulf investors have made dividend payments amid the increased exploitation of the workforce and the deterioration of labour conditions. One example of this is Americana's management of Egyptian Starch and Glucose Company (ESGC). In 2012 Americana announced that it would close one of its factories in order to undertake a renovation (Gaber, 2011). However the factory's workers said the management actually demolished the plant and sold the machinery, and workers also complained that their salaries had

[65] For further detail see AlShehabi and Suroor, 2016.

been stopped.[66] While workers at the factories complained that the management of ESGC neglected their rights, in the years since, the company has generated significant profits and in 2015 the firm recorded profits of EGP 45.08 million, an increase on the EGP 30 million in the previous year (Mubasher, 2016). As a result of this performance the company paid shareholders a dividend of EGP 0.82 a share (ibid).[67]

Another form of this extraction of value is the prioritisation of shareholders amid crisis. An example is the behaviour of Cairo Poultry Company (CPC) following the outbreak of the Avian Flu in 2006. As will be discussed at greater length in Chapter Five, the Avian Flu crisis was an opportunity for corporate poultry producers to expand their market share, provided they could invest in capital intensive operations that would isolate their stock from the Egyptian biosphere. As a result, amidst the crisis in 2006, CPC announced that it was investing EGP 100 million in a new slaughterhouse, a facility that would increase production (Rasromani, 2006). In order to finance this expansion, the company retained profit from the previous year, paid a dividend but increased the capital by EGP 10 million in order to raise finance for its plans (ibid). A manager of CPC was quoted in the media as

[66] The workers protest over the fate of their workplace was made shortly after the revolution of 2011. According to a union leader who was quoted in the media article: “We are now calling for the operation of this factory. Of course before the revolution, we were not able to speak out and if we did Central Security would have rounded us up. In light of what has happened – after the Intifada – all we ask is that we begin operating our factory again; nothing more,” (Gaber, 2011).

[67] The profitability of the company under the management of Americana was boosted by a low valuation of ESGC at the time of the sale of the state’s remaining shares in 2004. The union of the factory’s workers complained that the amount paid for the company, EGP 128 million, was too low given that the company’s turnover was EGP 400 million in 2005 (Gaber, 2011). Moreover they claimed that the company’s assets included a substantial reserve of capital that meant that the Kharafi Group would only spend EGP 40 million on the acquisition, as the remainder would be recouped from the balance sheet after the take over. Accusations that the state sold the company at a value that was too low are confirmed by the huge increase in share price following 2004, at the beginning of 2005 the share price was around EGP 3.85 and by June 2008 the price hit a high of EGP 54.40 (Reuters, 2016).

saying that a dividend was paid because shareholders “deserved” the profits made in the previous year. However, while retained profits were channelled back into expansion of the company and dividends paid to shareholders, CPC workers were not given the extra payment they negotiated as a result of the serious health risks of working in poultry farms during the outbreak of Avian Flu. In 2007, CPC workers were forced to stage a multi-day strike in order to demand the payment (Dale, 2007).

3.9 Conclusion

This chapter has illustrated that financial markets and institutions form the basis of the Gulf-Egypt region, as many of the investments in Egypt's agribusiness sector have taken place through these mechanisms. In another feature of this architecture, Egypt represents one of the most important non-Gulf markets for GCC food conglomerates and considerable value is transferred into Gulf markets as a result.

The previous sections have illustrated the manner that financial markets and institutions have provided a political structure that underpins the Gulf-Egypt region. At the regional scale markets have facilitated the flow of capital from the Gulf into Egypt and the transfer of value back to Gulf shareholders. The partnerships that have been discussed in this chapter have territorialised Gulf capital and ensured that its accumulation has been mediated by the Egyptian state. At the national scale, the financial sector has acted as a conduit for investments that have spatially reconfigured Egyptian food and agriculture, a process that will be discussed in greater depth in the next chapter.

A consequence of Gulf capital's investment through financial institutions has been the strengthening of control of the financial circuit over food and agribusiness. This has had a number of corollaries. Through the capitalisation of private equity firms, companies have been combined into vertically integrated portfolios and are often acquired on the basis of the synergies between them. Another consequence of the penetration of financial markets into the sector, is the transformation of companies into assets with enhanced fungibility that are dominated by the logic of exchange value. This fungibility is a result of restructuring imposed on them, which disciplines labour and cut costs. In some cases companies that have been through this process have been exchanged several times since 2000, generating considerable profit.

The principle of exchange value worsens the conditions of labour and in some cases destroys the means of production. Company assets have also been sold off in an attempt to expedite accumulation. Factories are closed and subject to asset stripping and agricultural land is valued for uses other than growing food. This process of intensifying the extraction of value was well described by Moore, when he said finance capital is “finding new ways of extracting wealth from the productive economy, removing the surplus necessary for reinvestment, and in the process killing the goose that laid the golden eggs!” (Moore, 2010: 254).

Chapter Four

Gulf capital and land reclamations

4.1 Introduction

In 2002 the international peasant union La Via Campensina announced that it no longer considered land to be the main source of power in agriculture. Rather, it believed that command over the “relations of production” such as technology and capital had become the most important element in the industry (McMichael, 2012: 684). In the Gulf-Egypt region, however, the control of land has anchored an agribusiness supply chain and ensured a productive base for the growth of table crops and inputs for agro-industry. One way this power has been secured is through the reclamation of land from the desert. This is a particular characteristic of agribusiness in Egypt and it produces land, normally a fixed commodity, directly for the agribusiness sector, bypassing the complexities of the smallholder existence that are deeply embedded into the Old Lands.

This chapter will illustrate how Gulf capital is the largest foreign capital invested in the land reclamation schemes that have taken place since 1990. The chapter will illustrate two types of land reclamation project. Firstly those that have been established by Gulf-owned agribusiness companies as part of a strategy of vertical integration. Secondly, larger projects that have been undertaken by Gulf investors in order to directly export commodities back to the Gulf, and the chapter will include a case study of two such projects, Toshka and Sharq El-Oweinat. This process amounts to the opening of a new frontier, segregating agribusiness both spatially and socially from the traditional agriculture areas, and Gulf capital has played a main role in this transition.

The state-capital nexus is a central factor in these projects. Connections to the state have ensured that Gulf investors were allocated large areas of land, often in an unaccountable manner that amounted to a process of dispossession. These schemes, especially Toshka, had a political overtone, and Gulf investors used their involvement to strengthen their alliance with the Egyptian elite. As a result these projects illustrate how the social relations behind the state-capital nexus is both produced and reproduced through the flow of Gulf capital.

In terms of semantics, in food regime literature large scale land acquisitions are often to referred to as "land grabs". This is a homogeneous expression that is used to refer to all kinds of processes and this chapter generally avoids it. In an acknowledgement of existing literature on this process in Egypt, this chapter will also refer to the land that has been reclaimed as the New Lands, while Old Lands refer to the traditional agricultural areas of the Nile Valley and Delta. This thesis will also use the term reclamation, which is a common term for these projects in Egypt, both in Arabic and English.

Research on reclamation projects in Egypt is frustrated by the divide between official statements and reality (Sims, 2014; Deputy, 2011; Mitchell, 2002). Government announcements on these projects use the size of the area of land that is earmarked for reclamation as a measure for success as opposed to an evaluation of yields (Sims, 2014).

Moreover official claims about the social and developmental benefit of these projects, such as the numbers employed on the projects, are often unreliable. The lack of accurate information on these projects is exacerbated by the coy nature of the companies who operate the farms, whose management are reluctant to give reliable information on their operations and where their produce goes. As a result I attempted to corroborate information with other sources, however some of the figures that are given in this chapter remain approximate.

4.2 Land reclamation. A brief history

Since the rule of Muhammad Ali reclaiming land from the desert has been a feature of Egypt’s agricultural sector. The practice has contributed to a significant increase in agricultural land in Egypt, from approximately two million feddans in the early 19th century to around 8.4 million feddans today (Sims, 2014: 33; El-Nahrawy, 2011). Much of this development has been a result of relatively small scale irrigation projects that have been expanded over the decades. But since the 1950s, there have been a number of attempts at “mega projects”, which have featured more ambitious attempts to control the Nile. These schemes have benefited from state support and often feature foreign capital in the form of aid and investment. They have relied on increasingly sophisticated engineering projects that have allowed Nile river water, and groundwater to be pumped and channelled into desert areas (Sims, 2014; Barnes, 2014; Mitchell 2001).

The political dimension of these projects has been significant. In the post-1952 era their utilisation, funding, and other features have been a reflection of Egypt’s internal politics and foreign relations. The economic rationale behind these projects has also undergone a transformation that has followed the transition from the statist system of the 1950s and 60s, to the free market system of today. Although the economics have changed, a consistent feature of these projects has been their use by successive regimes in Egypt to construct legitimacy, either through the direct allocation of land, or more generally to create the appearance of progress and development.

Under Nasser, land reclamation was undertaken with a developmental ethos. The government viewed it as a means to assist industrialisation, as an increase in agrarian land would cheapen the diet of a growing population of urban workers. The concept of creating new agricultural space fitted with the developmental nature of the government of Nasser, and he initiated the policy of allocating reclaimed land to peasants, unemployed graduates and other notable groups such as families of military veterans (Sims, 2014: 81). Under Nasser these projects were sometimes funded by the Soviets and were modelled on collective farms, a reflection of his government’s non-aligned position (Adriansen, 2009).

Under Sadat, Western capital became a feature in land reclamation projects. Following the expulsion of Soviet military advisors from Egypt in 1972, and the subsequent influx of US aid to the country, US government institutions and corporations played a growing role in reclamation projects (Lackner, 1978). The case of Osman Ahmad Osman’s partnership with Pepsico is a good example of the cronyistic relationship between foreign capital and well-connected Egyptians, which characterised the economic liberalisation of this period (Sadowski, 1991: 113-115). A close ally of Sadat, Osman went into a partnership with the Pepsico company in a huge land reclamation project. The scheme was intended to result in the creation of 3.08 million acres of new farmland that would increase the country's total agricultural land by 44%, but it fell well short of its initial aims despite its considerable cost, the majority of which was paid for by the Egyptian state (ibid).

In the 1980s the role of private capital grew further. In 1983, 10,377 feddans was reclaimed by private companies and by 1988 this had increased to 66,000 feddans (World Bank, 1990: 18). One estimate suggests that by the early 1990s 75% of reclamation projects were accounted for by private agribusiness companies (Sims, 2014: 111). This increase in private investment was enabled by the introduction of Law 143 in 1981; legislation that allowed direct foreign investment in reclaimed land. This statute included a clause that exemplifies the political and economic orientation toward private capital that took place during this period. A common practice in Egypt is the informal reclamation of land, whereby farmers cultivate a piece of land adjacent to a canal or other water source (Sims, 2014: 43). This practice, known in Egypt as *wad al-yad* or "hand claim", was criminalised by Law 143 (Johannsen, et al., 2009: 10). In this context, as private capital was granted increasing control over water and land, the access of small farmers to these resources was reduced.

In the 1980s international finance institutions (IFIs) began to have more influence over Egypt's agricultural policy. These institutions pushed for the establishment of more reclamation projects as they considered them as a driver of growth. As an example, in 1980 a World Bank loan financed the reclamation of 24,000 feddans in Nubariya (Sims, 2014: 84). This pressure intensified after the debt crisis of 1988, and in its 1992 report the World Bank lobbied for more private investment in land reclamation: "The 1.9 million fed (sic) of reclaimed lands (including those presently managed by the public sector) are presently producing at levels far below potential; representing nearly 25 percent of total agricultural lands, they present an important potential growth point for the agricultural sector in the coming decade," (World Bank, 1992: ii). From the 1990s onwards the amount of land earmarked for reclamation has increased significantly. Projects such as Toshka and Sharq El Oweinat consisted of 1000s of acres and Gulf capital was the largest foreign investor.

In the contemporary period, the main beneficiary in reclamation projects is private capital, but these farms continue to be heavily subsidised by the government. The state provides infrastructure such as phone lines, roads, and water pipes (Lang and Zandstra 2001: 185). Farms are often exempt from tax in the first 10 or 20 years. With this considered it is unsurprising that the main institution responsible for land reclamation, the General Authority for Reclamation Projects and Agricultural Development (GARPAD), is a loss making institution and in 2011 it announced that its total debt was EGP 23.5 billion (Sims, 2014: 81). In contrast to the loss incurred by the state, the private sector has made substantial profits through these projects. During an interview in Cairo in September 2013, one farm manager, who described himself as a "veteran" of reclaimed land projects, described the costs involved with establishing a farm on reclaimed land: "The main problem is the cost of infrastructure. The cost of developing 1 feddan of land is EGP 17,000. So if you have 1 million feddans then you need to invest 17 billion EGP. But you will make half of that back in your first year."[68] [69]

There is an absence of information on the total amount of land that has been allocated for new reclamation projects. As a result it is difficult to keep a track of these schemes in Egypt, and in secondary sources figures and information is often incorrect or conflicting. Research into the ownership of the land on these projects is also complicated by the fact that land is often subleased, and therefore it is not clear who the original owner is (Bahar, 2014). Estimates on the total amount of land that has been reclaimed vary, and some state institutions claim that since 1997 a total of 2.6 million feddans has been reclaimed, which would result in a 42% increase in arable land since 1952 (Sims, 2014: 281). The reality is likely to be far less, and another government department claimed that only 815,000 feddans had been reclaimed (ibid).[70]

[68] Interview took place in Cairo, September 2013.

[69] Given the profits involved, it is not surprising that corruption has been a constant theme in land reclamation projects. In 2009 the chairman of GARPAD admitted that he was under pressure by government officials, National Democratic Party MPs, and their families, to allocate land to them (Sims, 2014). In an interview in September 2013, an employee of a Gulf-owned agribusiness company, gave an insight into how bribe paying to government officials is crucial to securing allocations of land. The employee of the company said that a payment of around £90,000 per project was common and often these payments would come in the form of a car or a flat. He said that in order to be successful investors may have to pay bribes to officials in the MALR, the Interior Ministry, the Investment Ministry and the Council of Ministers.

[70] The conflicting reports over the success of land reclamation projects is partly a result of their management by different state institutions. Three government institutions have jurisdiction over these schemes; GARPAD, the Ministry of Agriculture and Land Reclamation (MALR) and the Ministry of Water Resources and Irrigation (MWRI). In addition to these ministries other government institutions also undertake reclamation projects

Land reclamation on the scale of the projects that were launched in the 1990s has had implications for the management of the country's water resources. Projects such as Toshka prioritise the water needs of agribusiness over smallholder agriculture, and there is evidence to suggest that there is insufficient water for both reclamation projects on a huge scale and smallholder agriculture (Sims, 2014: 70). A study carried out by the Ministry of Water Resources concluded that it would be possible to continue with schemes the size of Toshka only if water management were improved in the Old Lands (ibid). The zero sum nature of water distribution relates to increasing pressure within policy documents over the need for water use in Egypt to be rationalised and economically justified.[71] Prioritising water consumption on the basis of economic value justifies corporate land reclamation, as these projects produce high-value exports for exchange. In this context, large-scale land reclamation projects encapsulate the prioritisation of agribusiness companies over smallholders, a strategy that has been described as "farming without farmers" (Ayeb and

including the Ministry of Defense and the Ministry of Interior. (Sims, 2014: 81) Often the relations between these different institutions are competitive and unfriendly resulting in poor coordination and communication.

[71] The 2009 World Bank's report on food security in the Arab region stated that "When farmers are encouraged to pay the full cost of water, they voluntarily switch their use of irrigated land from low-value crops such as wheat to higher-value crops such as fruits and vegetables. In addition, they have incentives to invest in water-saving irrigation technologies," (World Bank, 2009).

Bush, 2014).

4.3 Reclaimed land, Gulf capital and GCC export markets

Gulf companies are the largest foreign investors in land reclamation projects in Egypt, and a full list of these investments can be found on Table Three in the Annex. Gulf food conglomerates have vertically integrated farms on reclaimed land and all of the conglomerates that were discussed in Chapter Three produce in this manner. For example, Americana has subsidiaries that have around 6900 acres of reclaimed land. Savola also has a farm of a similar size and nature. Egyptian companies that have received Gulf investment such as Wadi Farms and Juhayna also produce commodities on these farms. This is reflective of the significance of these projects for agribusiness in Egypt. They have allowed heightened control over the supply of inputs and have enabled companies to bypass the Old Lands. By comparison, Western capital has acquired no land on any of the large land reclamation projects.

In addition to direct investments, the Gulf is also a major destination for Egyptian export crops and this is a driver for land reclamation by Egyptian agribusiness companies. From the 1990s onwards Egypt came under increasing pressure to earn foreign currency through increasing agricultural exports. One way this was achieved was through the expansion of reclaimed land, and an interviewee described the increase in these projects over the last two decades as an “agent of change” for the agribusiness sector. Contrary to the idea that increased agricultural exports can benefit smallholder farmers by allowing them to access the value chain, these export markets are restricted to the largest companies that have the capital required to launch land reclaimation schemes. According to another manager of various agribusiness projects in the Middle East since 1980, all farms that provide produce for processors or export use reclaimed land: During an interview he said “there are at least 200 companies that are of the right scale that can provide the size of these contracts and all of them are doing it on reclaimed land.”[72]

The Gulf states are the largest market for Egyptian horticultural exports and they account for more than 50% of the country's export in fresh horticultural products (Euromed, 2013).[73] Aside from table crops, Egypt is also a large producer of livestock feeds such as alfalfa, a water-intensive livestock feed for dairy herds as well as other livestock such horses and camels. Due to the combination of climate and water sources, the Nile Valley is considered to be one of the best locations in the world for the cultivation of alfalfa and farms can take as many as 12 cuts a year (Kadco n.d.). As a result, Egypt and Sudan is now a favoured location for the production of alfalfa for Gulf markets. The crop is often grown on reclaimed land as it is used as a substrate that can fertilise reclaimed land and prepare the soil for other crops.

Alfalfa is a crop that clearly exemplifies the position of Egypt as a productive platform for

[72] Interview took place in Cairo, September 2013.

[73] In terms of specific products, between 2003-2009 the export of processed vegetables increased from US $92 million to US $145 million and Egypt ranks as the 26th biggest processed vegetable exporter in the world (Selim, 2009:4). In 2015 Saudi Arabia was estimated to import 14% of its processed vegetable commodities from Egypt, one of the largest importers to the Kingdom after the Netherlands (Mousa, 2015). The domestic market is also estimated to be growing at 20% a year (ibid). Fruit juices are another area of growth and between 2003-2009 the sector grew from $713,000 to $13.5 million (ibid).

the Gulf’s agro-industrial inputs. As well as the increase in recreational livestock ownership and meat consumption, the demand for alfalfa is partly driven by the growth of the dairy sector in the Gulf states. Over the last two decades companies in the UAE, Saudi Arabia and Kuwait have established large industrial dairy farms. One firm, Al Marai, has established the largest integrated dairy operation in the world and its seven farms produce a billion litres of milk a year, and feature a total herd of 135,000 cows (O’Keeffe, 2013). Partly as a result of these huge dairy operations, the market for livestock forage in Saudi Arabia is estimated to be 4 million tonnes a year (Laessing, 2013). Such is the extent of this demand that the Saudi government now requests that 1 kg of livestock forage is imported for every litre of milk that is exported (Arab News, 2013). This regulation is fuelling a demand for the import of livestock crops from countries such as Egypt.

The logistics behind this export of commodities to the Gulf are substantial and are further proof that the industry is restricted to large corporations. For table crops, integrated cold supply chains have been established and crops are packaged before being dispatched to Cairo airport, from where they are flown to markets in the Gulf and elsewhere (Kadco, n.d.). The exposure to the Egyptian biosphere is kept to a minimum and often containers are sealed at the farm gate and are opened only when they arrive at their destination (ibid). For livestock feeds such as alfafa, produce is bailed in Egypt and then dispatched by trucks to Egyptian ports whereby they are shipped to Gulf markets. Port Khalifa in Abu Dhabi receives a weekly shipment of alfalfa from Egypt and Sudan (Jenaan Investment, 2015). These processes are a representation of the efficient and rigid supply chains that form the Gulf-Egypt region; commodities grown on reclaimed farms are transported from the farm gate to consumers in the Gulf, bypassing the domestic market.

4.4 Gulf investment in land reclamation projects. A case study on Toshka and Sharq El Oweinat

Toshka and Sharq El Oweinat are two of the largest projects in which Gulf capital has invested since the early 1990s. These areas were part of the ambitious Southern Egypt Development Plan that was launched by Mubarak in 1996, and the project featured new cities, factories, and thousands of acres of new agricultural land (Sims, 2014; Mitchell, 2002). Toshka was allocated substantial water resources; equivalent of up to 10% of Egypt's total allocation of Nile river water (Milliman and Farnsworth, 2011: 147). The cost of developing these two areas was estimated to be as high as US $86 billion, of which the state would pay as much as 25%, and the remainder would be provided by private capital (Sims, 2014: 49). The government paid for the initial works after having failed to secure finance from the World Bank, who were unconvinced by the feasibility of the project (Mitchell, 2011: 273). As a result of the funding shortfall, the government turned to Gulf investors, and the GCC states, in order to find funding. Although these projects were part of the same plan and are often confused for one and other, they are differentiated by their location, hydrological nature, and their management by the state.

What is evident in both of these schemes is the manner that Gulf capital has been allocated considerable control over land and water resources, and this has allowed the production of table crops, cattle feed for export, and agro-industrial inputs. Of particular relevance to this thesis is the insight that these schemes provide into the state-capital nexus. Access to these projects was made possible through Gulf capital’s relationship with the presidential office and the military, the most powerful institutions in the Egyptian state. What is also evident is the manner in which the state-capital nexus was reproduced through these projects. Gulf support for Toshka was beneficial to Mubarak, as he sought to use the project in order to accumulate political capital; Gulf investment in Sharq El Oweinat allowed the military to further entrench its position as a gatekeeper to Egyptian resources. Furthermore, while the consumption of resources by these projects represent a process of deterritorialisation, the pivotal role of powerful players in the Egyptian state conflicts with the idea that this is a loss of the host state’s control to predatory foreign investors. The deterritorialisation is as much an internal process, in which society has been dispossessed by unaccountable institutions such as the presidential office and the military.

Toshka

Toshka is located 150 kilometres west of Lake Nasser. Irrigation for the project is based on Nile river water, which is pumped into the project’s irrigation canals. It was initially intended to involve the reclamation of 661,000 acres of land, although it is unclear how much of this has actually been developed. The main pump was reportedly the largest pump in the world at the time of the project’s launch; the irrigation canals reached 260 kilometres in length (Sims, 2014: 49). As an indication of the process of dispossession that is inherent in these projects, Toshka is an area of land that belongs to Nubians, a minority group that lost their lands during the construction of the High Dam and the creation of Lake Nasser. Nubians say that Toshka was the site of 44 villages, from where they were evicted in the 1960s (El-Din, 2016).[74]

Toshka was a showcase project for Mubarak in the 1990s and the scheme was well publicised by the Egyptian state. During the construction work, state media broadcast daily updates on the progress of the project; TV news showed footage of work being undertaken by earth-moving equipment (Mitchell, 2002: 273). The scheme appeared in Egyptian school books, and a brand of cigarettes called Toshka was released following the completion of the first stage of the project in 1997 (Deputy, 2011). The state promoted Toshka as a solution to a range of problems including food security, population growth, unemployment, housing, and pollution. It was vague regarding the completion date, and it was careful to avoid revealing specific details of the plan, in order to avoid creating a benchmark that could be used to prove failure (ibid).

In the view of some scholars, Toshka was primarily a political exercise and its material success was a secondary concern. According to Deputy: "rather than being a symptom of precipitant development or front for embezzlement, many of these projects were designed to fail because the regime received the largest benefit by starting them - not by completing them." (Deputy, 2011: iii). One way of viewing Toshka's political dimension is that it allowed Mubarak to manufacture legitimacy during a politically sensitive period. As a result of structural adjustment policies the 1990s was a period of upheaval in Egypt's agrarian

[74] At the time of writing in 2016, Nubians have attempted to return to this area in order to assert their claim but they have been stopped by the authorities. According to one activist: "These lands overlook the Nile, like most Nubian land, and represent a large fortune for investors. That's why the state does not intend to give us the right to return and resorts to trumped-up security threats," (El-Din, 2016).

economy; by 1997 more than a million farmers would be displaced from their land as a result of the removal of rent controls.[75] In interviews, Mubarak revealed that he considered these huge reclamation schemes as a stabilising force and a response to the country's socioeconomic problems.[76]

By the 2000s it became clear that the plan was not going to fulfil its initial objectives. Numerous problems afflicted the scheme. The rate of evaporation from the irrigation canals was very high and the region's clay soil became waterlogged, immobilising irrigation booms (Lewis, 2011). As a result of its shortcomings, Toshka became subject to greater scrutiny. There were reports in the Egyptian press that large areas of land on Toshka had been left unutilised, and Muslim Brotherhood MPs began to openly criticise the project in parliament (Sims, 2014: 51). According to some reports, only one of the 22

[75] This view was echoed by the World Bank: "Land scarcity is reflected in the four-fold increase in land rent since the liberalization of land rent in 1996. To address this issue, the government launched a major program of land reclamation in the Western Delta through the Nasser Canal, the Eastern Delta, and Sinai (Es Salam Canal), and more recently in the South of the New Valley (Toshka) and East Al Aweinet on the border with Sudan" (World Bank, 2001: xi).

[76] In response to a question over how his government intended to stop Islamic extremists from recruiting Egyptians who had been alienated by poverty, Mubarak said in a 1997 interview: "Land reclamation of the desert must be pursued with the greatest urgency. The Toshka Project which has been begun in southern Egypt is the first step of a decades-long plan, which in the future will provide new living space for millions of Egyptians. We are currently going through a shift in Egypt's history, and I am devoting no less energy to this, than I am to combatting terrorism and solving the Mideast problem," (Baker, 1997).

pumps that were built to lift water out of Lake Nasser into the irrigation canals were actually being used (ibid: 67). Criticisms of the project continued, and in response in 2010 Mubarak ordered a review of Toshka and other reclamation projects only months before his overthrow the following year (ibid: 275).

Although the project is sometimes portrayed as a dysfunctional failure, agribusiness companies continue to operate farms on the project, and Gulf companies constitute the largest foreign capital on the scheme. On a project that has a total size of 661,000 acres, four Gulf companies have owned or rented up to 327,634 acres of land. As is indicated on Table Three, the largest share of land was taken by Prince Al-Waleed bin Talal Al-Saud, a member of the Saudi royal family, whose holding at its largest was 247,105, although this has now been reduced. Other investors include a UAE company Al Dahra, which is owned by Sheikh Hamdan bin Zayed Al Nahyan, and owns 120,000 acres of land on the project (Maher, et al. 2016). Another firm that owns a large plot of land is Al Rajhi International Investments, which is owned by Sulaiman Abdul Aziz Al Rajhi, a shareholder of the Al Rajhi Bank, one of Saudi Arabia’s largest banks. Al Rajhi owns 103,784 acres on the project (Zawya, 2016). Another Saudi company with a large holding is the National Agricultural Development Company with a plot of 77,850 acres (Argaam, 2014).

In addition to private Gulf investors, the UAE state also played a central role in Toshka.[77]

[77] Gulf states sponsored other reclamation projects. The Sheikh Jaber Canal in the North Sinai Development Plan was built using a US $ 1 billion loan from the Kuwait Fund in 1991, and hence was named after the Kuwaiti Emir at that time (Kerisel, 2001: 147). Also in the Sinai, the Abu Dhabi government funded an

In 2001 the Abu Dhabi Development Fund funded part of the infrastructure, the Sheikh Zayed Canal, at a cost of US $100 million (UAE Interact, 2010). Gulf-owned construction companies won contracts for the construction of the project, and Abu Dhabi company Al-Jaber Transport and General Contracting Establishment worked on the Sheikh Zayed Canal (Sowers, 2014: 189).

The ownership of the Gulf companies that invested in Toshka reflect the class relations behind the scheme. This project allocated significant resources to private capital, and the Egyptian state subsidised the purchases of some of the wealthiest investors in the Gulf. The investment of Prince Al Waleed was a good example of this. The outspoken prince is a man who promotes himself as one of the richest men in the world, and his conglomerate Kingdom Holdings has a large portfolio of interests that include banks, hotels and real estate. However Al Waleed's Kingdom Holdings had little experience of operating an agribusiness farm and initially he had sought to partner with a US agribusiness company that would provide the expertise for the farm. However the company went bankrupt in 2003 and Al-Waleed was forced to undertake sole management of the farm through his subsidiary Kingdom Agriculture Development Company (KADCO) (Los Angeles Times, 2005).

Despite the company's limited experience in agriculture, the state was keen to secure the

extension to the Bitter Lakes and East Suez areas of reclaimed land in the mid 1990s and this was also known as the Sheikh Zayed Canal (Sekem, 2008).

involvement of a prominent investor such as Al-Waleed. As a reflection of this eagerness, KADCO's purchase was heavily subsidised, and while Egyptian smallholders paid the market rate for land, Al-Waleed paid around around EGP 50 per feddans for 247,105 acres of land on Toshka (Ahram Online, 2011). Another form of subsidy was fuel and according to interviewees companies such as KADCO received subsidised petrol, supplied by both the civilian authorities and the Egyptian military.

However, his high-profile nature made Al-Waleed a lightning rod for criticism of the project. Following the revolution of 2011, there was increased scrutiny of Toshka and in April of that year a court froze KADCO's holding on Toshka. The court ruled that the sale of land in 1997 contravened the law, as the area of land was twice the legal limit and it had unlawfully exempted KADCO from taxes and other regulations (Reuters, 2011). Following negotiations, Al-Waleed agreed to return 185,329 acres to the state, 75% of his total holding. However during interviews, it became apparent that since this ruling KADCO has in fact increased its holding on Toshka by 4800 acres.[78]

Interestingly, Al-Waleed's experience is used as an example in the agribusiness industry of the importance of maintaining a low profile. One manager of a farm who was interviewed in September 2013 said that one of the problems faced by the prince on Toshka was that he attracted too much attention: “The agricultural ministry doesn't do anything for us and if you start pushing them too much then they will cause problems for

[78] Interview with a KADCO employee, Autumn 2013.

you. They will start taking more of an interest in your contract. That's what happened to Al-Waleed. The best way is just to be quiet about what you do and try not to draw attention."

Investments in Toshka served other aims for Gulf investors aside from the purchase of agricultural land. On a November afternoon in 2013, an employee of one of the Gulf companies that operates a large farm on Toshka, was keen to explain to researchers such as myself that contrary to popular opinion they had in fact not made any money from their investment. In an interview in his office in a suburb of Cairo "Mohammed" declared that: "It's not yet profitable. I don't think we are going to make a profit. In a couple of years maybe we will make a profit. We are going to have to invest more in the project as much of the existing equipment is already depreciated."[79] The manager was defensive; he lamented that Toshka had been unfairly criticised since 2011, while other projects such as Sharq El Oweinat were largely ignored by the media.

Given that his company's involvement in the project had apparently resulted in a loss, during the interview I questioned the point of the investment. Mohammed was explicit that an incentive for the purchase in the 1990s was its political importance, as it presented the chance to develop closer ties with Mubarak, a relationship that could create opportunities

[79] Mohammed is a pseudonym.

in an era of privatisations: “Through Mubarak we had access to the ministers. We never used the channel of the government. He (the owner of the company) dealt directly with these issues with the president.” Mohammed pointed out that following his investment in Toshka, the owner of his company went on to buy several hotels in Cairo and other assets in Egypt. “It was a small investment to enter the Egyptian market. It was not a charity investment, it was an investment,” he said.

At the end of the interview Mohammed predicted that as a result of the size of Egypt’s population Gulf companies would remain interested in the Egyptian market: “these Gulf investors continue to believe in this market because they think that whoever rules Egypt will always need food. We don’t want to stop investing because now is a cheaper time. If you wait until things are stable then you will miss out.”

Sharq El Oweinat

Although it is also part of the Southern Egypt Development Plan, Sharq El Oweinat has different characteristics to Toshka. The project consists of a collection of farms that is around 300 km to the West of Toshka, in a remote location in the Western Desert. Oweinat's plan was based on the reclamation of around 259,000 acres, although there are conflicting reports on this (Sims, 2014: 53). The scheme received less publicity than Toshka, and the Egyptian state did not go to the same lengths to promote the project, despite its large size.

Oweinat is based on groundwater irrigation. The investment required for the project was less than Toshka, as it did not rely on the construction of huge pumps and a canal that could transport Nile River water. Rather, irrigation has been undertaken through the drilling of boreholes to access the Nubian Sandstone Aquifer System, one of the largest aquifers in the world. This hydrological feature expands across Chad, Libya, Egypt and Sudan and is estimated to contain 150,000 km3 of water (Ibrahim and Ibrahim 2003: 47).

Since its establishment in 1998 it is estimated that a total of 24 companies have acquired land on the project, most of which are Egyptian (Bahar, 2014). Gulf firms are the only foreign investors on Sharq El Oweinat, and they have received some of the largest allocations of land. As detailed in Table Three in the Annex, four Gulf-owned companies rent or own 85,000 acres of land on Oweinat, more than half of the project's total size. Jenaan is a company with one of the biggest plots on Oweinat and it has a holding of around 35,000 acres; it is owned by the UAE state and has a contract to supply the Abu Dhabi government directly (Dahan, 2013). It has a capital of more than US $1 billion and has operations in Sudan, Ethiopia, Spain, and elsewhere (Business Network Radio, 2014).

Al Dahra is also a UAE company with operations on Sharq El Oweinat and it has a holding of 23,500 acres that was acquired after it purchased a Egyptian company, Navigator Investments, in 2007 (Maher et al. 2016). As was mentioned earlier it is owned by a member of the Abu Dhabi royal family, Sheikh Hamdan bin Zayed Al Nahyan. Another agribusiness firm with land on Oweinat is Al Rakha, which is the Egyptian subsidiary of Jannat Agriculture Development Company. The chairman of Jannat is Mohammed

Al-Rajhi, a member of the family who own Al-Rajhi Bank. Al Rakha owns 10,000 acres on the project (Jazadco, n.d.). Another Gulf company on Oweinat is East Oweinat for Investment, which is the Egyptian subsidiary of the Aqeel Group, and the company owns around 20,000 acres on the project (East Owainat n.d.).

Almost 1000 miles from Cairo, the project’s location is very remote. Apart from a car journey of many hours on desert roads, the only other means of transport is by air to Sharq El Oweinat airport, and Jenaan operates a weekly charter flight in order to transport workers and technicians to the project (MEED, 2009). A government permit is required to visit the area, supposedly due to the proximity of the Sudanese border, and this also makes the scheme hard to access.

The most striking aspect of Sharq El Oweinat is the role of the Egyptian military in the project. Although there is little official confirmation of this, the most obvious indicator of this presence is the military's ownership of a farm that is almost half the total size of Sharq El Oweinat’s total amount of reclaimed land, an area of 110,000 acres (Bahar, 2014). The military's involvement was confirmed by a political analyst in an international organisation who I interviewed in Cairo in April 2014. The analyst thought that the army had seen the commercial opportunity of Toshka, but had dropped any pretence of social development in their plans. “The army wanted to rationalise Toshka,” he said. According to him the location of Oweinat in the Western Desert was an area in which the military held a particularly strong influence over civilian affairs, and this played a role in the military’s domination of the project.

Interestingly, managers in the agribusiness sector said Sharq El Oweinat has the reputation of being a well-managed project because of the military's control over the scheme. According to one manager: ”I have never been to Sharq El Oweinat because you need a permit to get there but I heard that in terms of management it is way better than Toshka. I think the military are better organised. They subcontract a lot of the work out to professional companies. It is so isolated that you don't have any interference. This is a benefit.”[80] However this was contradicted by a report in 2015 that Jenaan was seeking to abandon their investment on Sharq El Oweinat as a result of the remote location and the permit system. The chairman of the company said they were intending to move to a new area of desert reclamation in the Minya Governorate, where his company will focus on olives and palm trees on 100,000 acres of reclaimed land (Agweek, 2015).[81]

Regardless, Sharq El Oweinat is a good example of the Egyptian military's position in the synthesis of the state-capital nexus. Its apparent disinterest in any pretence of developmentalism is indicative of the relative unaccountability of the army's power within the Egyptian state, and its concern with commercial opportunities rather than the social needs of civilian affairs. In this case, the Egyptian military has essentially enclosed access

[80] Telephone interview October 2015.

[81] In a media article in 2015, the chairman said in reference to Oweinat: "The infrastructure is poor and it is very far away from Cairo, it is 1,300 kilometres, so management wise it is difficult ... It is on the border with Sudan, so even if you want to visit our project, there is a security pass we have to apply for and this might take months to be issued” (Agweek, 2015).

to a vast aquifer, a resource that could be of great importance to Egypt's food security. Instead the military is facilitating the production of livestock feed and export crops in partnership with Gulf investors.

4.5 Gulf investments in land reclamation. Food security or agro-commodity supply chains?

Under the corporate regime, food security is increasingly entrusted to the market (Lawrence and McMichael, 2012). As the state has withdrawn from the management of agriculture and the circulation of commodities, the market has taken over. But it cannot guarantee universal food security. Indeed it can "only feed people who possess the necessary purchasing power, and they are a minority of the world's population" (ibid: 136). Yet the power of the market partly rests on its ability to maintain hegemony and assure its participants that it functions, even when a cursory glance at the levels of malnutrition in Egypt suggests that it does not. One area where the divide between the principle of food security and the reality is patent, is the discourse that surrounds land reclamation projects.

Gulf investment in land reclamation projects in Egypt has often been accompanied by a food security rhetoric that claims they are mutually beneficial, allowing a "win-win" situation for the investor and the host state. According to one manager of a Gulf-owned company: "we consider ourselves to be strategic partners for the Egyptian government in terms of food security," (Dahan and Fick, 2014). This discourse even goes as far as to mobilise religion in order to create the appearance of benevolence. A online advert that described the process of land reclamation on Savola's project in Minya Governorate was proceeded with a verse from the Quran, which described the importance of the greening of the desert: "And a sign to them is the dead earth: We give life to it and bring forth from it grain so they eat of it," (Savola, AUCR 2015).

This rhetoric is supported by the Gulf states who use their considerable financial resources to fund conferences, governance institutions, and research that addresses their food security needs. This has created a discourse that highlights the vulnerability of the Gulf states, and generally advocates the offshoring of food production in the form of large land purchases. GCC states have also directed funding towards studies on Gulf food security in universities and think tanks .[82]

However, in contrast to the claims of these companies and the food security rhetoric, there is scant evidence that any of the projects described in this chapter serve the domestic food security in the non-market sense. Research suggests that these farms are mostly used to produce high-value horticultural table crops or livestock feed for industrial farming, in the

[82] In 2013 Chatham House, a think tank on international affairs in London, UK published a report entitled "Edible Oil: Food Security in the Gulf" that was funded by the court of the crown prince of Abu Dhabi, Mohamed bin Zayed Al-Nahyan. In another example, in 2010 the Economist Intelligence Unit published a report called "The GCC in 2020: Resources for the future" that included a chapter on food security (EIU, 2010). The report was sponsored by the Qatar Financial Centre Authority, a government institution. Qatar founded the the National Food Security Programme in 2008 and the Global Dry Land Alliance (GDLA) in 2010. In 2010, the UAE established the Food Security Centre with the aim of improving the country's food security. In another example, Saudi Arabia established the King Abdullah Initiative for Saudi Agricultural Investment Abroad with a capital of US $800 million in 2010. The institution is tasked with providing interest free loans to Saudi companies that are considering agricultural investments outside of Saudi Arabia (Lippman, 2010).

manner that was described earlier in this chapter. In an interview, one manager of an company listed in Table Three in the Annex said that 40% of his company's produce is exported. Another informant from a Gulf-owned company said his firm exports 90% of its livestock feed crops back to the UAE.

This is confirmed by the websites and corporate publications of the Gulf companies that farm these projects. According to the website of UAE-owned Al Dahra: “Al Dahra Egypt channels its production through various export markets in Africa, the Middle East and Europe,” (Al Dahra, 2016). The website of KADCO states that: “Currently, horticultural crops are being exported to the UK, Switzerland, France, Belgium, Germany, Holland, and Italy. Exports of Table Grapes are also starting to central Europe, Scandinavia and to the GCC countries. Alfalfa production is mainly exported to the GCC countries with huge potential for expansion in that crop,” (Kadco n.d.).

Many of the crops grown on reclaimed land projects owned by Gulf investors are used as inputs for agro-processors that serve the region. A major producer of frozen chips in Egypt is Farm Frites, a subsidiary of Americana, and 50% of its potato supplies are vertically integrated on reclaimed land, owned through three other subsidiaries in the Americana group (Americana, 2012). Much of this crop is destined for Gulf markets, where Americana hold large shares of the fast food sector. Farm Frites has 35% of the Kuwaiti and Emirati market, 14% of the Saudi market, 45% of the Bahraini market and 42% of the Qatari market (Americana, 2012). As well as individual consumers, Farm Frites products are also likely to be used by Americana's chains of fast food restaurants, of which there are 1550 across the Middle East.

Another example of how Gulf investment in reclaimed land provides a productive base for agro-processors is the production of sugar. Savola's United Sugar Company has up to 70% of the market for sugar in Saudi Arabia, some of which it serves from its factory in Egypt (Savola, 2015). In order to meet demand for its factory, in 2014 another Savola company, the Alexandria United Company for Land Reclamation, launched a land reclamation project near Abu Qurqas in the Minya Governate that will cultivate sugar beet. Other Egyptian companies that export to the Gulf and have vertically integrated reclaimed land include Juhayna, which owns two reclamation companies for cattle feed such as alfalfa.[83]

The notion that these cross-border land acquisitions offer a universal solution to food security is also contradicted by the character of the Gulf companies behind these investments. Several of the companies that are listed in Table Three can be described as a form of state capital, based on the identity of their owners and their reliance on forms of state support and subsidies. Companies such as Al Dahra and KADCO are owned by members of Gulf royal families, and Jenaan has a contract to supply the Abu Dhabi government. This link involves opaque forms of state-capital relations such as diplomatic leverage, personal relations and the distribution of aid from the state to private companies.

[83] Enmaa Livestock Company owns 550 feddans in the Bahariya Oasis and Enmaa Company for Agriculture Cultivation which owns 7450 feddans in the Bahariya Oasis (Juhyana n.d.).

With this in mind, investments by these companies represent a form of “agro-security mercantilism” of the type described by McMichael (2013: 48).

Given that they are of questionable benefit to Egypt’s food security, a perverse aspect of these projects is that they are subsidised by the Egyptian state, both in terms of land and water resources and fixed capital. They have received land at less than the market rate and the amount of water that they consume is not made public.

Despite its support, the Egyptian state has struggled to regulate these companies. At the time of research in 2013, alfalfa cultivation was a profitable activity in Egypt. The crop sold at $300 a tonne in the Gulf with an approximate cost of $150 tonne.[84] As a result of its intense use of water with little benefit to Egyptian food security, in 2013 the state attempted to regulate alfalfa production by introducing a tax of $50 a tonne. The response of Gulf-owned agribusiness companies to this duty is indicative of capital’s ability to switch jurisdictions and strategies. Following the introduction of the duty some agribusiness companies expanded into Sudan, a country perceived as having looser regulations, albeit

[84] Interview, Cairo September 2013.

one with poor infrastructure and bad security.[85] As a result Sudan has become a new frontier for alfalfa and Gulf companies have established huge farms there.[86]

Aside from relocating to Sudan, the other response of Gulf companies to the tax was to take advantage of the price that the Egyptian government offered for wheat that is grown domestically, which is higher than the international price. Between 2013-2014 the international price for a tonne of wheat was US $300, while the Egyptian government price for domestically grown wheat was US $400 (Reuters, 2013). In 2013 UAE-owned Jenaan announced that it was ending its strategy of growing livestock feed on its farms in Egypt in favour of growing wheat (Dahan, 2013). Executives of the company said that the export tax on alfalfa was hitting their profit margins, but they also said that the Abu Dhabi government had asked it to assist with Egypt's food security and that was the main impetus behind the decision to grow wheat.[87]

[85] According to a manager of an agribusiness farm with operations in Egypt and Sudan: "The cost of production in Sudan is much cheaper. But there are two problems. Roads and security. If you put something on a truck in Sudan you don't know if you will see it again. The road and transport sector in Egypt is much better. You have trains, roads and even planes."

[86] One interviewee pointed to a case where a farm in Sudan was being offered to a Saudi investor with water rights of around 5% of Sudan's total annual allocation of Nile river water. In 2013 a Lebanese company announced that it was investing $800 million in a farm in Sudan that by 2019 would export around 750,000 tonnes a year of livestock feed to Saudi Arabia (Laessing, 2013).

[87] It is also possible that this instruction was part of the UAE's attempt to support President Abdel-Fattah Sisi, who had come to power as head of the army in the coup of July 2013.

4.6 A new frontier of nature in the Gulf-Egypt region

"The Delta is like a petri dish, in which the bacteria is dying from within because it is running out of food to eat, and polluting its own environment," said a manager of a poultry company in an interview in September 2013. This reference to the Nile Delta as an environment in terminal decline is a perception that is driving land reclamation. In the discourse of the agribusiness industry, Egypt's Old Lands have become polluted, exhausted, and over-populated; in response it has sought the spatial fix of producing new land as a commodity.

There is no doubt that urbanisation, soil degradation, and disease threaten agricultural productivity in Egypt's Old Lands. A drive through the Nile Delta is an insight into such problems; the road system is congested, villages have become urban centres and commuter towns for Cairo, rubbish lies everywhere. Conclusions drawn during anecdotal observation are confirmed by studies. Agricultural land in the Nile Valley is decreasing as a result of illegal and unplanned building. Egyptian government officials estimate that since 2011, 31,140 acres of agricultural land a year have been lost due to illegal building, especially in the area around Cairo and the Nile Delta (Fick and Mourad, 2014). The development of infrastructure in areas such as the Delta has not matched the growth of population. An inadequate sewage system means that human waste is dumped in irrigation canals, which are also used for refuse, and there are reports of industrial and hospital waste being deposited in these channels (Al Jazeera English, 2012). As a result canals often become blocked with rubbish, decreasing the flow of water, compromising their ability to irrigate farmland. The transport infrastructure in the Nile Valley is also inadequate for the size of the population, making it difficult for farmers to take their produce to market. Several interviewees who are familiar with Egyptian agriculture said that farmers often lose a large percentage of their produce in the course of transportation. Compounding these problems is the prospect of soil exhaustion and Egypt agriculture is one of the most intensive users of fertiliser in the world. The Old Lands have also been the site of outbreaks of disease, and the epidemic of Avian Flu will be discussed at greater length in the next chapter.

For Gulf capital these projects also provide a fix to the environmental exhaustion within GCC states. Projects such as Toshka constitute a frontier that provides a fix to the exhaustion of water resources in the Gulf states, particularly for Saudi Arabia.[88] In light of the Gulf's reliance on imported food, and the requirements of agribusiness conglomerates for sources of raw inputs, Egypt's reclamation projects provide Gulf capitalism with a free gift, albeit one with a limited lifespan. This is also a feature of the scalar nature of the Gulf-Egypt region. The territories of the GCC states may be bound by a political boundary, but accumulation and social reproduction is reliant on these platforms of production in Egypt. Although these investments have taken place across the world, Egypt is of considerable importance due to its proximity to the Gulf. As a result of these platforms, the

[88] Riyadh ended its policy of subsidising domestic wheat production in 2016 as a result of the damage that was inflicted on its aquifer, which was caused by the pumping of an estimated 5 cubic miles of water every year for around 40 years (National Geographic, 2016). To put that in context, the entire size of the country's aquifer is estimated to be 120 cubic miles (ibid).

Gulf states can internalise the surplus value of these projects while externalising the detrimental corollaries to the environment and society in Egypt. At the national scale in Egypt, land reclamation has created a new space of production, and this has social implications. The distance between the place of production, and the place of consumption, lessens the potential for public scrutiny (both in Egypt and the Gulf), and a particular example of this distance is the inaccessibility of projects such as Sharq El-Oweinat, which is both geographically remote and securitised by the military.

These schemes produce land as an industrial commodity, a feature that contrasts to the Old Lands, where land is a means of production controlled by smallholder farmers. This desocialisation of land is a particular characteristic to the Gulf-Egypt region; and it is one that challenges the argument that the land-based nature of agriculture throws aspects of food regime theory into doubt (Goodman and Watts 1994). Such a view posits the role of land as a reason why restructuring of agriculture at the global scale is a heterogeneous process that is partly defined by “micro-social” features (ibid: 3). However in the case of Egypt, land reclamation allows the industrial production of land through alchemy that imports homogenous agribusiness practices. The agency of the micro-social is limited in a “landscape devoid of people” where capital determines production through water irrigation, earth moving equipment, and fertiliser (Sims, 2014: 89).

The micro-social in this case features a workforce who live on site for entire seasons or longer, alienated from their families and communities. Although many of the workers are local, interviewees report that companies on these projects also seek out foreign migrant workers on the basis that they stay for longer periods of time, as opposed to Egyptians who seek seasonal work. There are reports of labour organisation, but the remote location of these projects makes workers vulnerable and leads to greater dependence on their employer (Almasry Alyoum, 2011).[89] The residential work camps also illustrate the increasing social and spatial distance between the places of production and consumption; in the Gulf-Egypt region, the farm has become a segregated zone where alienated workers live apart from their kin, producing food that they do not consume and are unseen by those who do.

4.7 Conclusion

This chapter has illustrated how Gulf capital has been the primary foreign capital invested in the process of land reclamation in Egypt. In projects such as Toshka and Sharq El Oweinat, two of the largest schemes in the country, farms owned or rented by GCC investors account for almost half of the total area. Elsewhere other companies owned or partly owned by Gulf capital have also launched their own farms on reclaimed land. In both modes, commodities are either exported or sold as inputs for agro-industrial operations and this is a illustration of how these farms form the basis of a “closed circuit” of

[89] In contrast, the strike actions by workers in El-Mahalla el Kubra in the Nile Delta are an example of the power of labour struggles when they encompass communities.

commodities in the corporate food system (Cotula, 2012).

The process of land reclamation has led to new spaces of production that form the scalar nature of the Gulf-Egypt region. The industrial production of land has intensified production and intensified the extraction of value through these spatial scales. The uncommodified space of the desert has been opened in this frontier and appropriated by Gulf capital in conjunction with powerful actors in the Egyptian state (Moore, 2010). This has provided a foundation for the accumulation of GCC investors in the Gulf-Egypt region.

One aspect to these projects has been the use of a food security rhetoric that is used to justify these schemes. This chapter has shown that the ability of these projects to contribute to Egyptian food security remains questionable as they are primarily concerned with supplying the regional market with commodities. In many cases, the produce from Gulf-owned reclamation projects is directly exported to the GCC states and does not enter the Egyptian market, therefore making little contribution to the food security of Egypt. In other cases the products from farms owned by Gulf investors are sold to agro-processors and livestock producers who supply the Egyptian market. As a result, this should be taken as a reminder that the market's ability to ensure food security is flawed, and claims that it can are somewhat disingenuous.

This chapter has illustrated the role of the state-capital nexus in these projects. In the case of Toshka and Sharq El Oweinat investors interacted with the most powerful parts of the

Egyptian state, the presidency and the military, in a form of “state-managed” enclosure (McMichael, 2012: 693). These investments were enabled by this relation, but they also played a role in reproducing the power of this nexus. Although Gulf capital may have been a major beneficiary of these schemes, the Egyptian state has not been a passive actor, it remains in control of these projects and continues to be their facilitator. In the case of Toshka, the state was able to seize land back from a investor. In the case of Sharq El Oweinat, the extent of the military’s control over the project suggests the securitisation of an enclosed area that is rented out to foreign capital. Land reclamation is an undemocratic process that results in the enclosure and segregation of resources. The practice also entails dispossession, both from the indigenous residents of the land but also society at large. As will be seen in the next chapter the expansion into the New Lands is also taking place in the agro-industrial sector, and this segregation of agribusiness has implications for labour conditions and public accountability. The reliance by these investors on state resources is indicative of how the state did not retreated from the economy during the 1990s, but rather orientated towards the mediation of capital. In its attempts to implement a project that had some developmental aspects (on paper at least) the state was dependent on the involvement of high-profile investors in order to gain credibility. In the case of Toshka, its establishment was also dependent on foreign investors' ability to generate positive publicity.

The next chapter will illustrate the role of Gulf capital in the restructuring of Egypt's agro-industrial sector. The development of farms on reclaimed land is important context for this process as these projects were vital to the development of agro-industry through the provision of inputs. In this sense, this chapter has provided an insight into Gulf capital's role in the creation of a productive land base at the bottom of the supply chain. The next chapter will illustrate the role of Gulf capital in agro-industry, the next stage of the value chain.

Chapter Five

Gulf capital and agro-industry in Egypt

5.1 Introduction

“There are things that make no sense. The private sector is getting everything and giving nothing, the small farmer is giving everything and getting nothing,” said an employee of an international NGO in Cairo, during an interview in September 2013. His despair was a reference to the privileged position of agro-industrial companies and the differential between their profits and the poverty of Egyptian smallholders. This chapter will show how a corollary of the flow of Gulf capital into Egypt agribusiness has been the development of a capital intensive agro-industrial complex. As will be illustrated, this sector occupies a powerful position as a result of its support from the state. Its efforts to control resources, the environment and labour, have enabled a heightened level of accumulation.

Gulf companies have provided the capital that facilitated the technology and scale that established companies with monopoly control of the market. This complex is a measure of the formation of the Gulf-Egypt region. It exemplifies the manner in which the region is bound by the flow of capital from the Gulf into Egypt, and the return of commodities from Egypt into the Gulf. In some cases GCC companies have established operations whose main purpose is to serve markets in the Gulf states, but they have also invested in operations that exclusively serve the Egyptian market; poultry farming being one example. It would be erroneous to claim that Gulf capital has been the only agent in the development of agro-industry, as Egyptian companies have also invested heavily in this sector. However Gulf conglomerates own, or partly own, the companies with the most expansive operations and the largest market shares, and the capitalisation that accompanied the investment of GCC firms facilitated the restructuring of the sector.

The restructuring of agro-industry by private capital in Southern countries is a feature of the corporate food regime. This process led to the rise of New Agricultural Countries (NACs). Egypt is also considered as a NAC due to its industrial development within the corporate food system (Dixon, 2013a). This chapter seeks to enrich the understanding of Egypt as a NAC by arguing that Gulf capital has contributed to this process by investing in agro-industry, but also by acting as a partner for multinational corporations that have entered the Egyptian market. As a result, there has been a shift from nationally defined food and agriculture, to a international corporate food system, transmitted in part through the Gulf-Egypt region.

The chapter will illustrate how capitalisation by Gulf companies has facilitated the vertical integration of inputs. This represents heightened control over water and land resources, and the state has acted as a partner in this process through its allocation of land, and its policies that have privileged the largest agribusiness companies. Agro-industry has benefitted from the modernist and productivist outlook of the Egyptian state, which views it as the most effective means of providing safe food to the population. Following the outbreak of Avian Flu, government policy openly favoured agro-industrial operations, and blamed the outbreak of the disease on informal subsistence poultry farming. However while the government supports agro-industry, the cost of the produce of these companies is higher than that of the smaller and informal producers, and is thus limited to more affluent consumers.

This chapter will detail the manner that Gulf capital's accumulation in agro-industry is partly based on a differential with smaller farmers. As well as vertical integration, the companies examined in this chapter also rely on disintegrated supply chains and they source their inputs through contract farming with smaller producers. This control over supplies is vital to the success of these companies as it allows them to manage the risk of price fluctuation. This is further evidence of the closed circuit system in which commodities and resources are contained within the corporate system, often at the expense of other actors.

5.2 The development of agro-industry in Egypt

The flow of private capital into agro-industry in Egypt began during the 1970s. The infitah reforms allowed investors into the sector, especially cronies who had the political connections to lobby for allocations of land and subsidies. As a result, the private companies that emerged during this period benefited from state resources and the expertise of the public sector. One company, the Ismailia Misr Poultry Company, which is now owned by Saudi businessman Kamel Saleh, was founded by the director of the state-owned General Poultry Company (GPC) in 1977 (Sadowski 1991: 185). GPC was a pioneer in Egypt's poultry industry and much of the state-employed scientists and managers accompanied the director in his new venture.[90]

During the 1990s structural adjustment policies resulted in the state's retreat from the food and agriculture sector, in the form of privatisations and free market reforms. The consequence of this can be seen in the growth of private capital in the agro-industrial sector through the 1990s and the 2000s. In 1995 the value of publicly-owned agro-industry was EGP 1.8 billion, and privately-owned agro industry was EGP 2.6 billion (Ibrahim and Ibrahim, 2003: 163). By 2000, the value of publicly-owned agro-industry had declined to EGP 1.3 billion, and that of privately-owned agro industry had increased to EGP 8 billion (ibid). During the late 2000s the sector continued to grow, and in 2008 annual issued capital in the sector hit a high of EGP 3.5 billion, before contracting following the global economic crisis and the post-2011 revolution period (Maher et al., 2016: 5). Currently, agro-industry is estimated to account for around 20% of the total value of Egypt's manufacturing sector (ibid).

This flow of private capital into agro-industry has targeted Egypt's social, geographic, and agro-ecological characteristics, all of which make it an attractive location to locate agro-industrial plants. Egypt's large population makes for a sizeable domestic market and there is a strong demand for cheap and durable processed food. The country also has proximity to other markets, in the Gulf, North Africa, and in East Africa, which it can access

[90] In reference to the directors who founded GPC, Sadowsky stated that: "These men knew the most effective ways to lobby their former colleagues in governments. They typically had established their farms on cheap desert plots and had petitioned the government to install roads, water and electricity under the terms of the land reclamation program. When the government cut corn subsidies, they knew where to apply for their restoration," (Sadowsky, 1991: 185).

through a relatively good infrastructure network of roads and ports. The shipping lanes through the Suez Canal also allow access to other markets, both for the export of products and the import of raw materials. As was discussed in the previous chapter the allocation of land and water to agribusiness in land reclamation schemes is an essential part of the nexus of inputs. Raw material such as livestock feed and crops for processing can be produced at a scale and a low cost that ensures the viability of agro-industry.

5.3 Gulf capital's investment in agro-industry

Gulf capital became one of the largest foreign capitals in the agro-industrial sector from the early 1990s onwards. The following section will examine three sub-sectors of agro-industry in order to illustrate this flow: processing, dairy and poultry. In these three segments of production Gulf capital has invested in the largest, most capital intensive companies that control monopoly market shares. In several cases the conglomerates with farms on reclaimed land that were mentioned in the previous chapter, also own agro-industrial operations. The flow of Gulf investment into Egypt's agro-industry is the measure of the formation of the Gulf-Egypt region and the cross border ownership that is illustrated in this chapter gives further insight into how this region is structured.

This chapter illustrates the market share that these companies claim to hold, based on figures released by the firms themselves. These figures should be treated with some caution as the claims of market share increases the value of companies, against which they can securitise for further loans, in turn financing further expansion. Market share in

Egypt is also difficult to measure, especially given the extent of smallholder production. As a result the figures on market shares are likely a reference to the agribusiness sectors and do not include smallholder production.

The entry of GCC investors into Egyptian agro-industry resulted in the capitalisation of the sector. Some of the Gulf conglomerates listed in the previous section such as Americana and Savola were large enough to enter the Egyptian market directly with significant investment. In other cases, Gulf capital has had a more passive role in the form of minority investment. As was discussed in Chapter Three, investment of this nature often takes place through the stock market or private equity firms, but these acquisitions also take place through direct deals between investors and companies. According to agribusiness professionals in Egypt, investment of this nature first began in the 1970s, and typically involved an Egyptian returning to his country to start a food business with savings accumulated during a stint working in the Gulf states. After a period the Egyptian required more capital and would often return to his employer in the Gulf and offer shares in return for investment. Today, the GCC states remain a primary source of capital for Egyptian agribusiness.[91]

As a result Gulf capital played a significant role in creating a technologically advanced agro-industrial sector with a vertically integrated supply chain. By way of example of the ten companies with the largest market share in the packaged food sector in Egypt, five of

[91] In a recent example Al Jawhara Group, a Egyptian-owned producer of tea and snacks announced that it was seeking capital and was planning a roadshow in Saudi Arabia and UAE in order to attract investors (Enterprise, 2016). The group had previously turned down an offer from a Saudi investor who said that he would invest EGP 500 million following his acquisition (Omar, 2016).

them are Gulf-owned companies (Euromonitor, 2016a: 11). Four of them are European: Nestle, Lactalis, Danone and Kellogg, and one is Egyptian: the Egyptian Food Company. The Gulf-owned companies are Savola, Americana, Halwani Brothers, Arma Food Industries and Al Marai. As will be revealed in this chapter Gulf companies have been able to obtain their position in the market through the political relationships of their shareholders.

Agro-processing

Companies owned by Gulf capital dominate the sugar, cooking oil, frozen food and pasta markets in Egypt and a full list of these firms and their market shares can be found in Table Four in the Annex. In the cooking oil sector, Savola subsidiary Afia International is estimated to have a 29% of the market (Euromonitor, 2015a). Afia is a regional company, and its Egyptian branch was established in 1996, and it has several brands at different prices, in order to attract consumers from different classes. Egypt is Savola's fourth largest cooking oil market after the GCC, Iran and Turkey; Afia has a factory in Egypt and it imports most of its raw materials. Another cooking oil producer company is Ajwa. The company entered the Egyptian market when it acquired Misr Gulf Processing Company in 2001 and it owns three marine terminals (Ajwa Group, 2016). Ajwa is owned by Saudi businessman Mohammed bin Issa Al-Jaber and the Islamic Development Bank (Zawya, 2016). Prince Abdulaziz bin Fahd Al-Saud, the youngest son of the former King Fahd is also a shareholder in Ajwa. Although it is not based in a GCC state, another company with a large market share is Arma, a subsidiary of Hayel Saeed Anam Group, a Yemeni conglomerate. Arma has a 65% market share of the corn oil market and 72% market share of the sunflower oil market, and investments in these segments are aimed at producing oil for both the Egyptian and Gulf markets (Arma, 2010).

In the frozen and processed vegetable market, Gulf companies are also dominant. Farm Frites, a processor of potato chips, has the largest share of the Egyptian market, which the company estimates at around 90% (Americana, 2012). Farm Frites is a joint venture between Americana and the Dutch company of the same name. As discussed in the previous chapter it has a farm on reclaimed land and it exports to markets across the Gulf and Middle East. Ajwa also owns a Egyptian frozen vegetable subsidiary, Ajwa El Orouba, which produces 18,000 tonnes of frozen vegetables a year.

Savola also has a strong presence in the Egyptian sugar market and it owns two of the three private refineries. Savola's sugar subsidiary United Sugar Company (USC) has a refinery in Ain Sukhna that it acquired from Tate and Lyle in 2010 (Reuters, 2009). Another subsidiary, the Alexandria Sugar Company has a plant in Nubariya City that can process 9000 tonnes of beets a day (Savola, 2015). As was stated in the previous section Savola has established a farm on reclaimed land from where it sources sugar beet for its processor. USC exports much of its sugar to the Gulf, and its Saudi parent company claims to have 70% of the Saudi sugar market (ibid).

Savola also holds sway in the pasta market. In 2011 it acquired two pasta companies El Maleka and El Farasha, which together have 60% of the Egyptian market (Savola, 2013).

Elsewhere in the wheat and flour segment, Gulf investors own shares in two of the flour mills that were privatised in the 1990s. Upper Egypt Flour Mills is 10% owned by Arab Cotton Ginning, which is partly owned by Amwal Al Khaleej, a Saudi private equity company (Zawya, 2015). Saudi businessman Mohammed Al-Rajhi owns 10% of East Delta Flour Mills. The majority shareholder of these mills is the Food Industries Holding Company, which is fully owned by the Egyptian government.

As well as GCC agribusiness conglomerates, Egyptian private equity firms in which Gulf investors are shareholders are also active in the processing sector. In 2008 Gozour, the agribusiness subsidiary of Qalaa Holdings, purchased a 31.5% stake in National Company for Maize Products (NCMP), a company listed on the Egyptian stock exchange (Dixon 2013b:7). Another company previously owned by Gozour is Rashidi El-Mizan (REM) in 2007. REM is a manufacturer of halawa and tahina with Egyptian market shares of 59% and 68% respectively, as well as a 15% share of the national jams market (Qalaa Holdings). Gozour also own Mom's Food, a garnish producer (Dixon, 2013b:7). REM is now owned by Saudi Arabia's Olayan Group.

Poultry

Gulf capital owns some of the largest companies in Egypt's poultry sector, and the investment manifests itself in the form of highly capitalised, vertically integrated operations. These are listed in the table below:

Company and ownership	**Nationality of shareholders**	**Size and market share**
Cairo Poultry Company - 50% owned by Americana	Kuwaiti, Egyptian	30% of poultry production, and 45% of the frozen chicken market
Al Wataniya Poultry Company - Al Rajhi Group	Saudi Arabia	20% of the poultry market
Ismailia Misr Poultry Company - Kamel Abdullah Saleh and family Subsidiaries include: Q for Food Industries	Saudi Arabia	20% of the poultry market
Nesma Ommat – Al Turki family and Prince Abdulaziz bin Ahmed Al Saud	Saudi Arabia	The company produces 50 million broiler chicks annually

Al Wadi Group – Formerly partly owned by EFG Hermes	Egyptian and GCC	30% of the poultry market

Sources: Zawya; CPC report 2014 report; Hosny, 2006; Nesma Ommat

Gulf-owned companies have a large share of the poultry market in Egypt. Of five companies that are estimated to have 60-70% of the market four are owned or partly owned by Gulf companies (Agroberichten, 2014). These include Al Wataniya Poultry Company, owned by the Al Rajhi Group and Ismailia Misr Poultry Company, owned by Saudi businessman Kamel Abdullah Saleh and his family. Another company in this list with a large share of the market is Cairo Poultry Company (CPC), a subsidiary of Americana that controls 30% of poultry production, and 45% of the frozen chicken market (Hanieh, 2013: 94). Other firms include Saudi-owned Nesma Ommat and Wadi Foods, which until recently was partly owned by EFG Hermes.

Although these claimed market shares should be treated with caution, it is clear that these companies are very large. It is estimated that the total Egyptian poultry population is around 1.2 billion. Of this population, the companies in the previous paragraph account for around 10-20% of this number. Ismaila-Arab produces 8.5 million chickens a year, Nesma Ommat produces 50 million chicks a year, Al Watania aims to produce 100 million broilers a year and CPC produces 45 million chickens a year (Hosny, 2006: 11). All of the production in the poultry sector is for the Egyptian market, as exports of poultry have been suspended since the outbreak of Avian Flu in 2006.

Another indicator of these companies' size is their control over the grandparents of broiler chickens. Grandparents is an industry term for the birds that represent the breeding stock for broilers, the birds that are slaughtered for meat. In 2006, of the five companies that were considered to be market leaders in terms of the size of their grandparent stock, three of them were invested in by Gulf capital. At that time CPC is estimated to have had a population of 120,000 grandparents, Al Wadi has 62,000 and Al-Watania has 48,000 (Hosny, 2006: 41).

Dairy

Gulf investors own, partially or fully, some of the biggest dairy companies in Egypt. These are listed in the table below:

Company and ownership	**Nationality of shareholders**	**Size and market share**

Juhayna - 25% owned by Saudi shareholders Subsidiaries: Bekhero Juhayna juice	Egyptian and Saudi	Juhayna claims 65% of packaged milk market The company is also a large juice producer
Dina Farms - owned by Qalaa Capital Subsidiaries: Dina Farms supermarket chain	Egyptian and GCC	Dina Farms claims 54% of the fresh milk market
Nile Company for Food Industries (Enjoy) - owned by Qalaa Capital	Egyptian and GCC	In 2009 it was estimated to be the second-largest producer of packaged milk and juices and fourth largest producer of packaged yogurt
Beyti - Al Marai	Saudi and multinational	Beyti is a joint venture between Al Marai and Pepsico

Arab Dairy Company - Pioneer Investments, a Egyptian private equity fund with Saudi investors Subsidiaries include: Panda	GCC	In 2006 Arab Dairy was ranked 5th out of 764 food sector exporting companies, and 2nd as a cheese exporter
Greenland - Americana subsidiary	Kuwaiti	Greenland produces milk, cheese and juice

Sources: Zawya; Juhayna; Qalaa Holdings 2014; Ayyad, 2015

Gulf capital has played a main role in the restructuring of the dairy sector through capitalising a corporate tier that is vertically integrated. In addition to the direct control of inputs these companies have also integrated smaller suppliers that provide inputs. An interesting feature of the dairy sector is the role of Gulf companies as a partner for Western multinationals in their entrance into the Egyptian market.

The structure of the dairy segment is similar to the poultry industry. At the lower end there are smaller farmers who own herds of cattle, and supply raw unpasteurised milk and dairy produce. This segment of the market is considered to supply 80% of the dairy market in Egypt (El-Kharbotly, 2014). Of the companies in the top end, several of the largest are owned or partly owned by Gulf capital. Most of the produce of these companies account for the Egyptian market but some products are exported to other Arab states.

One of the biggest companies in the sector is Juhayna. Juhayna is 25% owned by Saudi investors and a Saudi national sits on the company's board of directors. The company claims to have as much as 65% of the packaged dairy market in Egypt and has a herd of 3200 cows (Juhayna, 2015). The company has around 8000 feddans of farmland on reclaimed land and it also produces a range of fruit juices. Another firm is Dina Farms, which became a subsidiary of Gozour, Qalaa Capital's agribusiness vehicle, after it was acquired by Qalaa Capital for US $85 million from Hussein Osman (the brother of Osman Ahmed Osman) in 2007. Dina Farms is estimated to control around 54% of the fresh milk market and the company has 15000 cows, the largest dairy herd in Egypt (Qalaa Holdings, 2014). As well as dairy, Dina Farms also owns 10,000 acres of farmland where it produces table crops. Another Gozour subsidiary is Nile Company for Food Industries, known as Enjoy, a producer of UHT milk and packaged juice. In 2009 it was estimated to be the second-largest producer of packaged milk and juices, and the fourth largest producer of packaged yogurt (Qalaa Holdings, 2009).

Gulf-owned companies have acted as partners for Western multinationals in Egypt, demonstrating their central position in the corporate food system in the country. Arab Dairy

Company is also a Gulf-owned company with substantial operations in Egypt. A former shareholder of the company was the family of Kamal Adham, the head of Saudi intelligence under King Faisal. In 2015 the firm was sold to Pioneer, a Egyptian private equity fund with Saudi investors. In 2009 Arab Dairy Company entered into a partnership with the New Zealand company Fonterra in order to launch a range of products. According to Fonterra, Arab Dairy's infrastructure and existing market share would allow it to quickly penetrate the Egyptian market. Moreover as part of the partnership agreement, Arab Dairy had agreed to invest EGP 126 million into its operations, allowing Fonterra to share some of the financial risk of its expansion (Swann, 2009). In an indication of the homogeneity of standards and regulations within the corporate food regime, Arab Diary was also able to provide Fonterra with assurances that its production would be of sufficient quality.[92] The capacity to ensure standards is an important element of negotiations for partnerships and acquisitions, and Sweden's Arla withdrew an offer for Arab Dairy Company in 2015 after it undertook a technical inspection (ibid). Arla subsequently went into a partnership with Juhayna. This venture, named Agro For Food Industries, will have a capital of EGP 200 million, which will be increased to EGP 500 million in the future (Ayyad, 2015).

Another company with a presence in the Egyptian dairy sector is Al-Marai, which is active through its subsidiary Beyti. Al-Marai is the majority shareholder with a 52% share, while Pepsico owns the remaining 48%. In 2015, Al-Marai announced that it is planning to invest

[92] This was important for Fonterra given that its partner in China had been responsible for manufacturing tainted powdered milk, leading to a ban on the company's imports into China.

$500 million in Beyti and is seeking to develop the biggest dairy farm in Egypt, with one farm of 5000 cows and another of 20000 cows. The investment would be used to expand its operations and also acquire a new fleet of vehicles that could expand its sales network. The scale of investment in Beyti is evidence of the ongoing flow of Gulf capital into Egypt dairy's sector. Juhayna has also expanded its operations and according to the company it invested a total of EGP 3.2 billion between 2011-2015 (Ayyad, 2016).

Many of the companies here have direct contracts with other corporations in Egypt. Juhayna supplies milk and juices to Egypt Air and Arab Dairy Company has a number of clients such as Hilton, Intercontinental, Radisson and AppleBees. Several of the Gulf-owned dairy firms export their products across the region. One particularly important market for dairy producers is Libya and the ongoing instability in the country has hit their revenue. Exports account for 4% of Juhayna's total revenue and Libya has previously accounted for 70% of this figure (Oxford Business Group, 2016).

5.4 Agro-industry and the state-capital nexus

Gulf capital's accumulation in agro-industry is dependent on the mediation of the state. This is manifest in the state's allocation of resources such as land, water, and other inputs. The state, or at least the parts of it that are most relevant to foreign investment, appears to support industrial agriculture as a result of a modernist and productivist ethos.[93] The

[93] This was illustrated during the outbreak of Avian Flu in 2006 when then prime minister Ahmed Nazif said: "The world is moving towards big farms because they can be controlled under veterinarian supervision… The time has come to get rid of the idea of breeding chickens on the roofs of houses" (Grain, 2006).

government also plays a role in sustaining cheap labour, both through coercion and through its refusal to introduce a minimum wage.

This mediation of Gulf capital's accumulation is an illustration of the state-capital nexus, which is amalgamated by powerful shareholders in both the Gulf and Egypt. The social relations that define the nexus are illustrated by the status of the GCC shareholders of the companies mentioned in the previous section. Many of the owners of these companies are members of the ruling families of the Gulf, or are prominent businessmen who have close ties to the Gulf monarchs. The power and influence of these owners is enhanced in Egypt through domestic partners and shareholders who have close ties to the Egyptian state.

A good example of this association can be seen in Americana. The Kharafi family, the owners of Americana, are very influential in Kuwait and one of the members of the family acted as the Speaker of the Kuwaiti Parliament. The CEO of Americana in Egypt is Moataz Al-Alfi a businessman who had a close relationship with Mubarak. His brother is reported to have held a senior position in the National Democratic Party to which Americana's parent company the Kharafi Group apparently made donations (Roll, 2013: 10). The parent company of Americana, the Kharafi Group, also has a close relationship with the Egyptian military with whom it has joint ventures (Marshall and Stacher 2012). Such a union gives an insight into the corollary of Gulf capital on class formation in Egypt, and this investment produces and reproduces the power of its Egyptian clients. This is a demonstration of the manner that Egyptian capital is becoming fused, subordinately, into its counterpart in the Gulf.[94]

This class power is often wielded opaquely through backroom deals and private arrangements, but it is also articulated in institutionalised forms. The companies mentioned in the previous section have influence with the Egyptian government, and they have access to policy through a number of different bodies. These include the Food Export Council, the Horticultural Egyptian Association, Chamber of Food Industries, the Union of Horticultural Exporters, and the agricultural subcommittee in the American Chamber of Commerce. These bodies and their influence with the government allow Gulf capital to territorialise in Egypt, securing the continued mediation of the state.

In an interview in his Cairo office in October 2013, “Mustafa”, a manager of a Gulf-owned poultry company, explained how the poultry industry and other agribusiness companies influence government policy: “I must admit that food has a prominent presence in Egypt. The stakeholders are savvy and are able to communicate their demands. We have direct ministerial access and one on one interaction with the government. They have official representation on the health committee, nutrition committee and the standards and specifications committee. There is a platform through which they can lobby. Its an interesting legalised and formal platform.” Mustafa added that in addition to formal lobbying, his company has the capacity to manage its relations with the Egyptian state and deal with bureaucracy. “As a company we have administrative muscle. We have a group of

[94] These links also come in the form of personal ties. In an example of such a relation Kamel Abdullah Saleh, the owner of Ismailia Misr Poultry Company is a well-known Saudi businessman who was previously married to a Egyptian actress.

people who deal with this and we have the resources to sort out problems," he said.

"Tariq", also a manager in an agro-industrial conglomerate that has received Gulf investment, gave an insight into how his company uses these associations to lobby for benefits.[95] According to Tariq: "A good example is the export subsidies. We are trying to prevent them from coming down. They have come down from 12% to 8% to 6% but we are trying to make sure that they don't go down too low, especially for small companies, and companies that have operations all over the country." In an example of the extensive influence that agribusiness companies have over state resources, Tariq gave the example of how the food industry lobbied against a government plan to increase water rates: "They want to raise the cost of our water from EGP 1.6 per cubic meter to EGP 4.2 per cubic meter. We compiled a report in order to try and convince them not to do this. There was a big campaign to stop this from happening."

Another form of lobbying is the push for new standards and regulations in the Egyptian food industry. According to Tariq, the agribusiness tier has been effective at lobbying for new legislation that is aimed at raising the standards and quality of food production: "They were very active in promoting the food law. If they need it they will push for it. I think these companies have made the market here. They also use people who have good political connections." These new regulations serve corporate food as they often require levels of investment that can only be undertaken by the largest conglomerates.

[95] Interview in Cairo September 2013.

The state’s role in mediating access to resources is crucial. As sign of how dependent the agribusiness sector is on state support, it is under continual pressure by investors, who seek further subsidies and benefits, claiming that without such benefits their investments are not viable. In 2015, International Food and Consumable Goods (IFCG), a food company owned by the Bin Laden Group, announced that it was postponing its plan to open a potato processing plant in Egypt due to high operating costs, particularly the high price of electricity. In a telephone interview in November 2015, an employee of the company said: “In Europe the cost of producing one tonne of potatoes is $220 for one tonne. In Egypt it is $280. The government subsidises the production of cotton, why can’t it help with the production of potatoes”?

The charge that Egypt is struggling to maintain its competitive edge was echoed elsewhere in the processing sector. In a second interview in November 2015, Tariq said that they had to stop their olive oil exports as they were unable to compete with European produce, particularly that of Spain. The employee said:

> “Olives and olive oil have been a real struggle. We stopped exporting olive oil because world prices have been extremely competitive. We exported a lot of table olives all over the world but we are in price competition with Spain, which is not only subsidising production but also the Euro exchange rate is so hard to compete with. Last year it dropped by 15-20% and we had to reduce our prices to meet the market demand.”

Another sector where Egypt is struggling to maintain a competitive specialism is poultry, and in this case its ability to specialise is clearly mediated by the state. Although there is a continued flow of investment into the sector, it is still recovering from the outbreak of Avian Flu in 2006, and there is some doubt as to whether exports will resume.[96] Egyptian poultry is unable to compete with cheaper imports, mainly from Brazil whose poultry industry is one of the most competitive in the world. Although it is responsive to lobbying by the private sector, the state also faces political pressure to ensure a supply of cheap food and this is reflected in the government decision to allow increased imports of poultry. In the interview in 2015, Tariq said:

> "Today decisions are being made which are not necessarily in the support of the industry. If you are in the poultry business and all of a sudden you see that the government has made a decision to allow cheap imports in order to feed the masses then you are really hit. You are going to have to reduce your prices or cut production if you can. We are not able to influence the government. They are refusing subsidies and they are not paying them when they do agree them. We are not as competitive as we were two years ago."

Although fiscally it may struggle to provide subsidies such as fuel, one way the Egyptian state can continue to offer foreign companies a competitive advantage is through the continued allocation of desert land for reclamation, a resource that it can provide relatively

[96] The outbreak of Avian Flu had devastating consequences in Egypt, as will be illustrated in the next section.

easily. By example in 2014 the Egyptian cabinet gave approval for the allocation of 60,000 hectares of land to the Al-Ghurair Group for the cultivation for a sugar refinery (Everington, 2014).

Another form of state support is through a commitment to cheap labour, and the low wages of the workforce is promoted by the Egyptian government. The General Authority for Investment and Free Zones (GAFI), the government body charged with encouraging foreign investment, promotes agribusiness as one of its 13 “targeted sectors” and includes the “highly competitive wages” of its workforce as one of the drivers of growth in the sector. This “competitive” pay manifests itself in the absence of a minimum wage for non-public sector workers. According to managers in agro-industrial companies, salaries in the sector are around $100-$130 a month, and sometimes lower. In addition to low wages, one manager who was interviewed revealed that children are employed as labourers on his poultry farm.

In addition to the absence of a minimum wage, the state is also complicit in poor labour conditions by failing to protect workers in the event of a strike or industrial dispute. In several cases companies have used illegal and violent measures to break up strikes and this has been ignored by the authorities. In 2012, the management of a cooking oil plant owned by International Foodstuffs Company, an Indian company based in the UAE, broke up a strike by shooting at workers and withholding wages. The workers’ union said: “unfortunately, the response from the government and political quarters has been completely negative, and until now, we have not seen a government in Egypt which defends workers' rights," (Mena Solidarity Network, 2013).

5.5 The value of control

Gulf capital's accumulation in agro-industry is predicated on heightened control over resources, labour, and its ability to externalise environmental problems. This control enables the extraction of value that is transferred to GCC conglomerates, a flow that defines the Gulf-Egypt region. This dominance is exerted in various forms. Gulf investment's capitalisation of agro-industry has allowed strategies such as vertical integration and disintegration, tightening control over the supply chain, and the import of technologies required for intensive farming. These processes are a characteristic of the corporate food regime and intensify production in a denatured and bio-uniform manner. As was illustrated in the previous chapter, one of the clearest ways that agro-industry has pursued vertical integration is through the acquisition of farms on reclaimed land, and this ensures that their inputs are insulated from the price fluctuations of the market. These strategies are crucial to the successful investments in this sector.[97]

Aside from direct acquisition of farmland, agro-industry can increase control over its supply chain by taking advantage of its intermedial position in the market, and the ability to

[97] This was exemplified by the experience of Abu Dhabi-owned Agthia, whose tomato processor was established in Egypt in 2009. In 2012 it was forced to restructure its Egyptian activities due to losses of almost US $ 6 million (Al Sayegh, 2012). The company said that aside from the political instability of 2011, one of the causes of the losses was the poor tomato crop, which had raised the cost of their products.

access and commodify domains of agrarian life (van der Ploeg, 2008: 88-89). This is manifest in the process of contract farming, in which corporations secure the supply of inputs through arrangements with smaller farmers. Acquiring inputs through contract farming offers agro-industry the chance to maintain control over raw commodities yet at the same time displace risk to smaller producers. In the dairy sector Juhayna sources its milk from 78 different small farms across Egypt (Juhayna, 2015).

As a result of the decreasing support from the state, small farmers are incentivised by the aid that is offered by corporations. For example, contract farming was implemented by Heinz, which entered into the Egypt in partnership with Americana (Estrin and Meyer, 2004: 120).[98] As part of the contract, Heinz stipulated the variety of tomato and also offered farmers a free “extension service” of agronomists employed by Heinz (ibid). This is pertinent given the decline in the number of state extension agents that was mentioned in Chapter Two. Heinz also initiated its own logistics service in order to reduce the amount of crop that was destroyed in transit. Many of the farmers who entered into this contract reported higher yields, but these were achieved through the use of seeds that were provided by Heinz. In this context, such contracts create dependency on homogeneous varieties, to the detriment of biodiverse and self-sufficient farming practices.

[98] In another sign of the strength of Gulf-owned companies in the Egyptian market, Heinz chose Americana as its local partner due to its local knowledge and instant market penetration (Estrin and Meyer, 2004: 120). The partnership ended but Heinz in Egypt is estimated to control 90% of the ketchup market and 30% of the tomato paste market (ibid).

Contract farming creates a differential within the supply chain. While corporations are able to optimise the transfer of value through this disintegrated supply chain, smaller farmers are often immiserated by their relationship with powerful corporations.[99] One researcher found that while contract farming worked for more prosperous farmers, for many the experience was unsatisfactory and they considered it as worse than the open market (Desmulier, 2014). The scale of agro-industry's need for commodities can have significant consequences on smaller producers, as the market unpredictably switches demand for different inputs. This was echoed by the employee of an international NGO who said the growth of the sugar industry and its demand for sugar beet has been "a soft driver of land grabs".[100] The employee said the three private sugar refineries in Egypt, two of which are owned by Savola, have a great deal of power in the market for sugar cane: "The price increase for sugar after it leaves the farm gate is between 60-70% in Aswan".

In an interview in a suburb of Cairo one evening in November 2013, "Adel", a manager of a partially Gulf-owned dairy company gave a cogent insight in the manner that agro-industry's extracts value through its differential relationship with smallholder sector. "You have to distinguish between upstream and downstream," he said. "Upstream involves some interaction with the subsistence economy. Downstream is where the milk involves technology and is packaged for consumers." The employee said the contracting of small farmers allows corporate dairy producers to ensure a downward pressure on the price of

[99] One form of this differential is the delay of invoice payments. This grants corporations significant increases in working capital. One study estimated that the Italian dairy corporation had an extra capital of 400 million Euros as a result delaying its invoice payments by as much as 250 days (van der Ploeg, 2008: 97).

[100] Interview Cairo September 2013.

milk: “The agribusiness companies take 70% from big producers, and 30% comes from the small farmers. They deal with the small farmers through a middleman. They need to keep a stake in the small farmers in order to diversify their sources and stop the big players raising prices.”

Adel went on to illustrate how agro-industry extracts profits through its position in the market. According to him, the price for non-corporate milk is around EGP 2.5 per litre while for agribusiness products the cost is around EGP 9 per litre, despite the fact that there is little difference between them. As a result, the difference between the two prices allowed very high profits for corporate producers: “The tetrapak milk (milk produced by corporate agribusiness) is only for around 10-15 million people in Egypt. Milk is not as important as the main staples. When they have the option they will go for the cheaper “lam” milk.[101] At the moment the market is strange. There is no competition and stability. This allows for high margins. It’s a immature market that allows for high margins. The price of agribusiness milk is higher, but they don’t really add that much to the value.”

Aside from control over suppliers in the smallholder sector, these companies also have dominance over consumers. The large market shares that are claimed by these companies constitute a monopoly, in which firms operate a cartel that blocks competition. According to Adel: “It's a cartel. They sit down and agree on prices because they don’t want to hurt each other.” As evidence of this power, in 2011 the Egyptian Milk Producers Association (EMPA) accused Juhayna, Beyti and the Nile Company for Food Industries of

[101] The term *lam* is a colloquial term that refers to subsistence, non-corporate products.

using their monopolistic position to underpay their suppliers (Reuters, 2011).[102]

Another aspect of the control that allows the extraction of value through the Gulf-Egypt region is the position of labour in agro-industry. This is partly expressed through the coercion of the Egyptian state and its commitment to cheap labour, as was illustrated in the previous section. Some of the companies mentioned in the previous section have workforces in the thousands. Cairo Poultry Company (CPC), the majority shareholder of which is Americana, employs 9000 workers. Aside from the economic exigencies of wage labour, the largest poultry farms, such as those operated by CPC, exert heightened control as the workforce is often residential. This is part of a quarantine implemented to mitigate against the spread of Avian Flu, and staff are often required to remain on farms for several months, especially during the winter season, the period when outbreaks of the disease are most common (Dixon, 2015: 97).[103]

Agro-industry and its intense farming practices represent an attempt at environmental control. This is undertaken through the introduction of technology and pharmaceuticals, and also the segregation of agro-industry from the Egyptian biosphere, spatially, architecturally, and by a process of denaturing. This is further illustration of how Gulf investment has played a central role in the restructuring of agro-industry; its capital has

[102] EMPA accused these companies of paying EGP 2.7 per kilogram when the EMPA had requested a price of EGP 3 per kilo (Reuters, 2011).

[103] As a result of the low pay and poor conditions, over the last 10 years workers in the Cairo Poultry Company and Ismailia Misr Poultry Company have held strikes.

allowed investment in practices that are uniform with the homogeneity of global agribusiness. Many of the companies mentioned in the previous section use animal breeds that are imported from the US and the West, resulting in a reduction in biodiversity, yet augmenting control. In the dairy industry, companies use the Holstein breed of cows, despite the fact that indigenous breeds may be better suited to Egypt's environment.[104] The import of corporate breeds also takes place in the poultry industry, and the companies listed in this chapter use breeds such as Hubbard, Arbor Acers and Flex, all of which are owned by Western corporations. Aside from breeds, these investments have also introduced technology that is line with global agribusiness. In the dairy industry an example of this technology are indoor cooling systems that increase the productivity of the cows, an important consideration given Egypt's climate. In 2010 Dina Farms announced that it would be spending $2 million on such a system, and a manager of the company said that the investment would pay for itself within two years as a result of the increased yields (Trade Arabia, 2010).[105]

This environmental control has benefits for consumers in the form of improved safety and standards. Corporate producers have invested in technology that obtains international certificates such as ISO 9001 2000 and HACCP, which are awarded on the basis that they

[104] Although it is estimated to account for 81% of the total production of milk in Egypt, one product that is absent from the agribusiness product range is buffalo milk and cream (Ibrahim, 2012). There are a number of advantages to buffalo over agribusiness breeds. Buffalo can consume a greater variety of feedstock and its milk is higher in fat and protein than cow milk.

[105] The manager said: "The investment in the new state-of-the-art equipment will allow us to make better use of the capacity we already have in place … All these initiatives are in line with Dina Farms' strategy of not only getting bigger, but also getting better," (Trade Arabia, 2010).

manage biological risks and maintain standards. Yet these procedures are reflective of the bifurcation of the Egyptian diet and the inequality of a class-based food system. Those who cannot afford the products of self-regulated corporate food, acquire products through more informal supply chains, where they face something of a lottery in terms of the standards of safety and quality, and there are numerous examples of toxicity in such commodities.[106] Although corporate food promotes itself on the basis that it can offer consumers enhanced quality and safety, their products are also bifurcated and cheaper products for poorer consumers have a lower quality. Most of the producers listed in this chapter have several different lines of the same commodity that vary in price and quality, and the cheaper products usually have a lower nutritional value. This was laid bear in a case in 2012 when two Juhayna employees were accused of watering down the cheapest brand of the company's milk by around a quarter (Ahram Online, 2012).

Gulf capital reproduces the agro-industrial sector, especially in times of crisis. The outbreak of H5N1 Avian Flu in 2006 had a devastating effect on the poultry industry and the millions of Egyptians who rely on aviculture for food and income.[107] The response of the largest companies that were mentioned in the previous section was to use their resources to heighten their environmental control. Shortly after the outbreak of the

[106] For example, an investigation conducted by one Egyptian newspaper revealed that 7 out of 13 samples of informally-produced cheese, which is estimated to be the source of 80% of Egyptian cheese, contained formaldehyde, a chemical that is added in order to lengthen the shelf life of the product (Arij, 2014). Formaldehyde is a toxin which can cause a variety of serious health problems including liver cancer and renal failure.

[107] Aviculture is estimated to employ around two million people, accounting for the income of eight million Egyptians (UNIDO, 2015).

disease, Cairo Poultry Company (CPC) revealed that it was increasing its capital, and announced plans to spend EGP 100 million on a new slaughterhouse in the Nile Delta (Rasromani, 2006). According to CPC, the new facility would allow the company to increase its output by 350%, from 80,000 chickens a day to 280,000. Since 2006 other Gulf-owned or partially-owned poultry producers have continued to invest heavily in upgrading their operations in order to achieve higher levels of biosecurity and control.[108]

The viral risks created by Avian Flu and other diseases intensify the competitive pressure for vertical integration. Access to capital allows the control of these risks and safeguards production. CPC incurred losses following the bird flu outbreak but in the long term they have been able to expand their market share as a result of their investments. One of the causes of the loss was the state ban on the live sale of chickens as many small outlets bought chickens from its farms. However the company said that it supported the ban on informal slaughter as it was in line with international standards. According to one article on the company: “In the long-run, these measures are anticipated to raise the level of hygiene in the Egyptian poultry industry to international standards, and Zayed (CPC spokesman who was interviewed) believes that his company will eventually benefit from this,” (Rasromani, 2006).[109]

[108] In 2014 Wadi Foods announced that it would invest US $170 million to build a new farm in the desert in Wadi Natroun which will feature a air filtration system, preventing the entry of airborne viruses (Daily News Egypt, 2014b).

[109] Gulf state donors have also been interested in supporting the formalisation of Egyptian poultry production. In 2007 the Kuwait Development Fund announced that it was granting a EGP 500 loan to the Social Development Fund for the “modernisation” of the Egyptian poultry industry (Namatalla, 2007). One of the projects that would be financed by the fund is the construction of an abattoir in Cairo that would specialise in the distribution of poultry to small retailers.

The recovery of the market share of corporate poultry producers was aided by the government's policy of ordering a cull of all avian stock following the outbreak of flu. This act of destruction created a market for the largest companies, and is a sign of how the growth of agro-industry is based on the retreat of other forms of production.[110] The cull had a disastrous effect and it damaged the biodiversity of Egypt’s aviculture, in some cases wiping out indigenous breeds. It hit smallholder producers the hardest as the government also banned the transport, live sale and informal slaughter of poultry. This is particularly significant given that it is estimated that 90% of rural households and urban households keep hens, ducks and pigeons on an informal level. As a sign of how agro-industry is continuing to advance in the wake of this destruction, the Gulf-owned companies mentioned in the previous section are increasing capacity, entrenching their position at the core of accumulation in the Gulf-Egypt region. Some of the plans to increase capacity are on a very large scale; Al Watania announced in 2014 that it was planning to invest EGP 6 billion in its operations in order to raise their daily production from 80,000 birds to one million by 2018 (Poultry Arab World, 2014).

Capital has enabled a fix to Avian Flu through heightened control over the environment, but this is only likely to be a temporary solution. The poultry sector, and many other features of food and agribusiness production, appears to be in a continual state of managed crisis. Companies are using large quantities of drugs and antibiotics, and there

[110] It is estimated that 34 million birds were culled and 75% of egg-laying birds and 50% of all fowl were destroyed (Hinchliffe and Bingham, 2008: 14).

are rising cases of resistance against some of these pharmaceuticals.[111] This is akin to what Jason Moore described as the "superweed effect" (Moore, 2010: 226). The intensification of production has been associated with a rise in disease and environmental exhaustion, to which corporate food has responded with further investment in technological fixes, in the process creating new unforeseen outcomes.

The control that has been illustrated in this section and its importance in the extraction of value is ephemeral. The dominance over the environment, labour, and resources has consolidated the Gulf-Egypt region but it is a moment that has been continually contested. Aside from environmental rebellion, the 2011 revolution challenged the relations within the state-capital nexus that facilitated this control. Companies compete on the basis of the state's allocation of resources and import bans but this conflicts with the political demand for cheap food. This is an insight into the protean nature of the alliances on which the nexus is based, and the friction between the constellations that form the "Empire" (van der Ploeg, 2008: 3).

5.6 New spaces of production

[111] According to the manager of a farm interviewed in September 2013, the levels of antibiotics that are used in the poultry industry in Egypt are far higher than other countries. "They throw antibiotics at the problem here. In Thailand they used 20 mg antibiotics per kilo of meat. Here they use 600 mgs of antibiotics," he said. He quipped: "If you have a cold then eat Egyptian chicken!" According to the manager there is an interest in sustaining Avian Flu amongst some state officials as they are receiving payment from pharmaceutical companies who are selling vaccinations. The manager also said that the vaccination is not being managed or controlled properly and that in some cases they were introducing new strains of the virus in the process. The manager said: "They bringing in vaccines from across the border with Israel and from all over the place and this is not helping things …The FAO is trying to introduce a standard vaccination but it's difficult because it's all financially related and it's destroying the business."

The Gulf-Egypt region has created new spaces of food and agribusiness. The previous chapter illustrated how these spaces have been formed through the process of land reclamation, a spatial fix to environmental exhaustion and social control over the Old Lands. The development of agro-industry has also shaped and reshaped spaces of production that enhance the forms of control that were described in the previous section. Gulf capital's formation of these new spaces can be observed in the relocation of agro-industrial plants into the desert, and also through the establishment of logistics that link production and consumption space. This is further illustration of the scalar nature of the Gulf-Egypt region and its formation of spaces of production through which value is transferred. Once again, this portrayal should not be interpreted as deterministic. These scales are linked through financial markets, a mosaic of shareholder structures and are formed through the strategies of Egyptian management and shareholders, as well as Egypt's agro-ecological features. Yet the Gulf sits at the core of these amalgamated spaces, in the process forming a region of accumulation within the global food system.

As a result of its intense nature, agro-industry is dependent on the reterritorialisation of production space. A cause of the spread of Avian Flu is the close proximity of poultry farms in Egypt. Although government regulations stipulate that poultry farms should be more than 500 metres apart, this has been routinely ignored and clusters of farms have formed in the Nile Valley (Hosny, 2006: 10). This concentration has been exacerbated by uncontrolled building, frustrating attempts to segregate the avian population. In order to overcome this problem, farms must relocate into the desert or intensify segregation from the biosphere.[112]

According to Tariq, the manager of an agribusiness conglomerate that Gulf capital has invested in, his company is seeking to move to an area of reclaimed land in the south of the country. The manager said: “Bird flu is the number one reason that we want to move. Our existing farms are in the Delta and the city is moving really fast around our farms. In a very short time we will no longer be away from the city.” The manager said that in response to this problem, his company is planning to build a new farm in the Aswan area. “We have chosen the land because it would be away from any other farms and we would build our own road,” he said.

In a similar manner to the process of land reclamation, the relocation of poultry farms illustrates the status of the desert as a frontier of nature that is seemingly untainted by disease and human population. The association between the Old Lands and disease has become so prevalent that poultry companies promote the fact that their operations are located in the desert in their advertising publicity. According to the website of Katkoot Al Wadi, the poultry subsidiary of Al Wadi Group: “Al Wadi farms are located in Noubaria and Km 49 on Cairo-Alex Road in isolated, bio-secured locations using the latest technologies to provide the most suitable and healthy environments to achieve the optimum performance out of the flocks,” (Katkoot Alwadi, n.d.).

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[112] In 2008 the FAO concluded that farms either faced the option of vertical integration or relocation into the desert. “In order for small and medium-scale producers to survive, they must first solve the biosecurity problems associated with the clusters of farms, either by applying an “all in-all out” policy on a regional and geographical basis, or by moving out of the Nile valley and delta and into the surrounding desert,” (Hosny, 2006: 32).

This spatial fix is also a strategy in the dairy industry. Dairy farms consume substantial amounts of water and produce large amounts of waste.[113] As a result of the intense use of water, farms in Egypt are located in areas where there is access to groundwater or Nile-fed irrigation canals. Dina Farms' dairy herd is located on the Cairo-Alexandria Desert Road and Juhayna's farm is in the Al-Nubaria area, further north to the west of Alexandria. In an interview, the employee of a dairy producer that Gulf capital has invested in, said that his company is considering moving its farm to a higher area due to a decrease in the water table in the company's existing location. The employee said that the new location was preferable as it had cooler temperatures and therefore would reduce the cost of cooling systems.

Another feature of these companies is their vertical integration of logistics, a strategy that complements the spatial reorganisation of production. For example Americana's Senyorita Group has a fleet of 950 distribution vehicles and 70 distribution outlets that allow it to maintain a supply across Egypt (Americana, 2014). As will be seen in the next chapter this plays a part in the penetration of rural areas by supermarkets and fast-food brands, many of which are owned by Gulf conglomerates. This is an important feature, as it allows corporate agribusiness to link new spaces of production with new spaces of consumption.

[113] It is estimated that in the full cycle of production, including the production of feedstock, hydration, cleaning and cooling, as much as 1000 litres of water are required in order to produce one litre of milk (Hoekstra, 2008).

As these spaces of production are being made at the national scale of Egypt, they are also being linked with new areas of consumption elsewhere in the Arab region. Many of the companies in this chapter export to other markets in the Arab region, including the Gulf but also markets in North Africa and the Levant. In this sense, Egypt's cheap labour, agro-ecological characteristics, and relative stability have been developed into a platform that serves a large domestic population but also markets across the region. According to one manager of a large Gulf-owned conglomerate that operates companies across the supply chain: "20-25% of our produce is exported to 40 different countries. Egypt is a strategic location for exports and it is good for African markets. We do a lot of exports to Africa of juice, dairy and biscuits. Africa is hungry for goods. We can export by ships. We can export to the Gulf through boat to Aqaba."[114]

The investment in an agro-industrial platform that can serve other regional markets is likely to continue in the future. In 2014, the Aujan Coca-Cola Beverages Company announced that it would be investing US $100 million in a juice factory that will start operations in 2017 (Sleiman, 2014). The company said that the factory would be a North African hub and would serve markets in Algeria and Libya.

5.7 Conclusion

The three segments that have been examined in this chapter illustrate that Gulf capital was a central agent in the restructuring of agro-industry as the state withdrew from the

[114] Interview, Cairo November 2013.

sector from the 1970s onwards. In some cases this was a passive process and took place through private equity companies, in other cases Gulf companies launched operations in Egypt, either directly or through acquisitions. It would be inaccurate to say that the restructuring of agro-industry was a solely consequence of Gulf capital's internationalisation, and Egyptian and multinational companies also played a role. But what should be emphasised is the relation between Gulf investment and the construction of a capital intensive corporate tier that is almost indistinguishable from the global agribusiness industry. The same technology, practices, and breeds have been imported with this capital. Moreover Gulf firms have also acted as partners for Western multinationals, suggesting that in addition to offering the capital, they also possess the political currency that is required to enter the Egyptian market. In terms of the development of a region, the export of products of the processing and dairy industry to the Gulf is a cross-border supply chain that is based on an international division of labour. At the same time the flow of capital from the Gulf into Egypt into agro-industry is another contour that demonstrates the emergence of this region.

The management of the Avian Flu crises is a good example of what Jason Moore described as the “superweed effect” (2010). Capital's attempt to control poultry production through intensive farming has created unforeseen consequences such as the outbreak of avian flu and antibiotic resistance. While problems such as Avian Flu are overcome by these technological fixes, the further attempt to tame nature often results in new rebellions, such as antibiotic resistance. Egypt's poultry industry is becoming more reliant on the use of drugs and capital-intensive farms that allow biosecurity. In such an environment, the access to capital in order to invest and build larger sophisticated operations becomes essential and the Gulf-owned farms are leaders in the field. Such investment also creates pressure for other companies to make similar investments or face the prospect of declining market share.

Agro-industrial restructuring has resulted in the formation of new spaces of production. In response to diseases such as Avian Flu, companies are moving their operations deeper into the desert. Their advance into the frontier of the desert, away from the urban population, has a corollary that has implications for labour conditions as it removes the workforce from their communities, alienating them and enhancing their employer's control over them. These new spaces of production are linked to new spaces of consumption, and the next chapter will illustrate the role of Gulf capital in this process in greater depth.

Chapter Six

Gulf capital, supermarkets, and fast food in Egypt

6.1 Introduction

If the Gulf-Egypt region has formed new scales of production, what has been the corollary on spaces of consumption? With this in mind, the following chapter examines Gulf investment in supermarkets and fast food restaurants, the final stage in the corporate food supply chain. It will illustrate how Gulf capital has been a primary agent in the introduction of Western supermarket and fast food brands into the Egyptian market. In a characteristic similar to other parts of the agribusiness supply chain, Gulf capital owns the largest, most capital intensive supermarkets and fast food restaurants. These operations have had a transformative effect on the food retail market in Egypt, both in terms of changing consumer tastes and forging supply chains. The establishment of these outlets has been vital to the construction of a corporate food regime as they enable the infrastructure and logistics for the distribution of corporate food, and they also impose the implementation of food regulation down the supply chain. In keeping with other segments of the food and agribusiness sector, this chapter will illustrate how investments in this sector, in particular in the supermarket industry, are facilitated by the Egyptian state through its allocation of land. This chapter will also reveal that supermarkets maintain a commercial relationship with the Egyptian military.

The chapter seeks to enrich the account of the “supermarket revolution”, the concept of the spread of supermarkets across the Global South from the 1990s onwards, by illustrating the role that Gulf conglomerates have played in this process in Egypt (Burch and Lawrence, 2009; McMichael, 2009; Humphrey, 2007; Reardon et al, 2003). Rather than a linear flow of investment from the Global North to the South, in this case the role of the Gulf has been central; as a result of the franchises of multinational supermarket brands that it introduced to Egypt. In terms of fast food chains, the investment by Gulf conglomerates has played a role in introducing a homogeneous globalised fast food culture, at least amongst certain socio-economic classes.

This chapter will also examine other topics that relate more generally to consumption, while the previous chapters that have focused on production. In particular it will examine the effect that Gulf companies have had on consumer culture in Egypt; it will explore whether this influence constitutes part of a wider form of cultural and ideological hegemony on behalf of the Gulf states.

6.2 Gulf-owned supermarkets

In the late 1990s large privately owned supermarkets began to appear in increasing number in Egypt. Egyptian owned chains such as Ragab Sons and Metro Market were successful and established a large number of outlets. In the 2000s Gulf-owned brands were introduced to the market, and their large investments resulted in the appearance of large hypermarkets in Egypt for the first time.

Today, GCC companies are the primary foreign investors in the supermarket sector in Egypt, and Gulf capital has introduced brands such as Carrefour and Spinneys to the Egyptian market. As an illustration of this, of the ten companies with the largest market share in the supermarket sector, Gulf-owned firms Carrefour and Spinneys are the only two foreign companies in the sector and the other eight are Egyptian (Euromonitor, 2016b: 10). A full list of the Gulf investments are available on the following table.

Company and ownership	**Nationality of shareholders**	**Size and market share**
Carrefour – The Middle East franchise is owned by Majid Al Futtaim	UAE	Six hypermarkets and 10 neighbourhood supermarkets
Spinneys – Partly owned by UAE private equity firm Abraaj	UAE	Four supermarkets
Dina Farms – Gozour, subsidiary of Qalaa Holdings	GCC and Egyptian	12 supermarkets
Aziza Panda - Savola	Saudi Arabia	Has plans to open 16 supermarkets in Egypt

Sources: Euromonitor 2016b; Savola 2013

In terms of market share, Carrefour is estimated to have the third largest supermarket share of the grocery market with 1.6% in 2015, a figure that has increased since 0.9% in 2011 (Euromonitor, 2016b: 10) By comparison, the largest supermarket chain in Egypt, Metro Market is estimated to have 3.8% of the market (ibid). Spinneys, another Gulf-owned hypermarket is estimated to have 0.6% of the grocery market a figure that has increased from 0.3% in 2011 (ibid). In addition to groceries these hypermarket chains also have significant shares of the retail market in clothes and electronics. Carrefour owns six hypermarkets and 10 smaller neighbourhood supermarkets. Its first store was opened in the upper class Cairo neighbourhood of Maadi in 2002 and at the time it was the first hypermarket in Egypt.

Spinneys is another Western brand that was established in Egypt by Gulf capital. It has four supermarkets in Cairo and it first entered the market in 2005, when it opened as a anchor outlet for the City Stars mall in northern Cairo. In a similar manner to Carrefour, Spinneys maintains a Western image but it is owned by Gulf investors. The chain is partly owned by Abraaj Capital, the Dubai-based private equity firm who acquired the majority share of the brand from another UAE investment fund in 2004, who themselves bought the chain from a British firm in 1999.

Another supermarket chain that features a component of Gulf capital is Dina Farms, which launched its own chain of supermarkets that sell products direct from the company's farms and dairy herd. In 2014 Dina Farms owned 12 stores, most of which are in Cairo. Dina Farms is owned by Gozour, the agribusiness holding company of Qalaa Holdings, which features a number of Gulf investors (see Chapter Three).

Of the supermarket chains that have been established by Gulf investors, Carrefour is the most significant. Although its market share is smaller than the largest Egyptian brands such as Ragab Sons and Metro Market, Carrefour is a market leader in terms of management practices and it plays a lead role in the sector. Carrefour is the fourth largest retail group in the world and now has a presence in Europe, Asia, South America and Africa. It has played a central role in the supermarket revolution as a result of its introduction of corporate retail to the Global South. In addition to food, it also has a wide range of other items such as clothes and electrical products, and it has a reputation among consumers for low prices.

In the Middle East, Carrefour partnered with Majid Al-Futtaim (MAF), one of the region's biggest retail conglomerates, whose owners the Futtaims are a prominent business family in Dubai. Carrefour entered into the joint venture on the basis of MAF's knowledge of the region's markets and the partnership also intended to take advantage of MAF's ownership of shopping malls, facilities that were already popular among consumers in the region (SIS International, n.d). The partnership was profitable and after establishing the first Carrefour outlet in Dubai in 1995 the joint venture expanded to other GCC countries, and then to the wider Middle East and Central Asia. As a sign of how the largest Gulf businesses have developed beyond the position of holding agencies of Western brands, in 2013 MAF bought out Carrefour's remaining 25% share making it the sole owner of the Middle East franchise (Rahman, 2013). As will be discussed later, Carrefour in Egypt continues to be identified as a Western brand, when in fact it is fully owned by a Gulf company.

Although the market share of supermarkets such as Carrefour and Spinneys has been steadily increasing since the 1990s, it still remains small when compared to markets in the West. In 2015 the grocery market was estimated to be worth EGP 242.7 billion, and of that hypermarkets accounted for EGP 8.8 billion (Euromonitor, 2016b: 1). This represents a market share that is much smaller than that of hypermarkets in the Global North, where one company can often control as much as 30-40% of the grocery market. One reason this market share is smaller is because of the strength of other forms of food retail in Egypt. Small neighbourhood stores in Egypt are believed to number 85,000 in total and this number excludes other forms of small retailers such as street kiosks that are present on almost every street in Egypt (Euromonitor, 2016b: 9). Government-owned supermarkets are another important form of retail that accounts for more than EGP 1 billion of the EGP 242.7 billion market (Euromonitor, 2016b: 1). These outlets were established during the 1960s and 70s and there are currently 100s across Egypt with more than 300 in Cairo (Youssef, 2011).[115]

[115] The supermarkets are under the management of the Ministry of Supply and Internal Trade and currently there are three different brands: Alahram Markets operates 104 stores, Alex Market has 199 outlets and Nile

6.3 Supermarkets and the state-capital nexus

Ostensibly, the government appears to support the establishment of supermarket chains, to which it has the same modernist attitude as it does to other sectors of food and agribusiness. It considers the establishment of supermarkets as a sign of economic development, regardless of the effect that it has on smaller forms of retail. This attitude was exemplified in the statement of a former minister of trade and supply who described the opening of the first Carrefour outlet in Egypt as an indicator of “a new and civilised marketing approach,” (Sami, 2001).

In practice, however, the country has proven to be a difficult environment for foreign supermarkets and acquiring the necessary permits from ministries has been known to take years. As a result, a number of European and Western companies have failed in their attempts to penetrate the Egyptian market. The British company Sainsbury’s entered Egypt in 1999 but withdrew two years later after the store was shunned by consumers following allegations that it was Israeli-owned. Makro was another foreign multinational that failed to penetrate the Egypt market. The German company launched a outlet in 2008 in Cairo but withdrew in 2016, citing concerns over the safety of the country. According to reports the company faced difficulties in acquiring the necessary government licenses

Market has 198 outlets (Euromonitor, 2016a: 1). In addition to government supermarkets, the Egyptian military also operates around 20 supermarkets (Swanberg, Assem n.d.: 4).

(Euromonitor, 2016b: 1). In another example a South African chain Shoprite, established seven stores in 2001, but in 2006 it withdrew complaining of “restrictions on free trade” (Oxford Business Group, 2014).

With this considered, how did Gulf-owned supermarket brands such as Carrefour and Spinneys overcome what appears to be a minefield of bureaucratic and operational problems? In an interview in his office in a suburb of Cairo in November 2013, “Mahmoud” a manager of a Gulf-owned supermarket brand, was surprisingly candid about who the company relies upon to ensure that their operations ran smoothly: “We can not develop anything in the country without the army. The army is the key and it always will be,” he said. The manager continued:

> “Most of the governors (of the provinces) are former military people and they hold the decision making. There is a lot of bureaucracy and there is a high rotation of managers in the ministries. As a result the army and the governors hold most of the power. I will give you an example, I went to see the government with several issues that were blocked on a file and nothing was done. I went to see the military and everything was fixed after the first meeting. The army can do in one day what would normally take three months if you went through the standard channels.”

Mahmoud went on to give a specific account of the commercial relationship between his supermarket and the military. His company retails electrical products (such as TVs) that are produced by the Arab Organisation for Industrialisation (AOI), a industrial complex that is owned by the Egyptian military. As a result, his supermarket creates around EGP 11 million in annual revenue for the military due to the sale of its products. The manager said that in addition to assistance with obtaining permits, one of the benefits of this commercial relationship includes his company receipt of subsidised fuel from the military. “We rely on the army for fuel. When fuel is a little short then the army can supply. Either through their own pocket or from elsewhere,” he said.

The employee, who works for a Gulf-owned franchise of a brand of hypermarkets from a European state, also said companies who originated from the same state had generally benefited from the relationship between an arms manufacturer, of the same nationality, and the Egyptian military. “This is one part of a much bigger picture,” he said. “Another part of what we offer is that the arms company buys some of their parts from the AOI and that also helps our position here.” The manager went on to say that his company was introduced to an influential general through an employee of the arms company. This disclosure provides an insight into how much importance arms contracts of a weapons’ manufacturer can have for other companies of the same nationality.

In light of the importance of the relationship with the military, it is perhaps unsurprising that the employee said his company was happy about the removal of Mohammed Morsi in July 2013. “The arrival of the Sisi government was the best thing for the economy. The economy was going to explode and we are very happy about the removal of Morsi. The new government is running the country with a vision.” The employee said that the new government would realise Egypt’s full economic potential: “The fundamentals of Egypt are still here. Geography, location, and fertile land."

Another factor that assists Gulf-owned supermarket brands in Egypt is the historically close relationship between the Gulf states and Egypt, of which the latest manifestation has been the alliance between Sisi, the UAE, and Saudi Arabia. Mahmoud said the Gulf states were able to provide some assistance to their investors, but this was limited: "Officially we get no support. Unofficially we get support. In terms of the day-to-day management of the shop we get no support. Luckily the GCC states have made a partnership with Egypt and they have a big charitable programme in Egypt including the construction of hospitals. The GCC countries show their nice face here. The ambassador helps us but he is limited in what he can do," he said.

The employee also echoed other professionals in Egypt's agribusiness sector in saying that his company tried to avoid interaction with some government ministries, especially the civilian institutions, out of fear that they would meddle in their operations. "We have to speak to the government every so often in order to see if they are happy. But it's better to avoid them as then they start asking for more from us," he said.

Investments in the supermarket sector are dependent on the state, not just for permits and bureaucratic support but also for the allocation of state land. The government has granted vacant land to supermarket chains that seek to build new outlets. In 2014 it was reported that Carrefour would receive public land for 10 new supermarkets in Cairo and Alexandria (Ahram Online, 2014b). Aziza Panda, the supermarket chain that is owned by Savola, has also received public land for its 16 supermarkets that will be opened across Egypt, including in smaller towns such as Assiyut, Fayoum, and Zagazig (Euromonitor, 2016b: 4). The chain is reported to have received plots of land that are between 25 and 125 acres in size. It is unclear, whether this land will be sold, or leased at market price, but in many cases the state's allocation of land has been below the market rate.[116]

The supermarket sector's reliance on the state for the allocation of land is in keeping with other parts of the agribusiness sector, but also the private sector generally. Historically, well-connected businesspeople have received plots of public land on which to build real estate, tourism projects, and other developments. This is often justified on the basis that these projects can create jobs and economic growth, but what is certain is that the granting of low-cost land allows the private sector to profit with the state's support.

Although decrees on these allocations of land usually appear to be executed at the ministry level, interviewees said the military and the presidential office had ultimate control over these decisions. According to some reports, the Defense Ministry is the largest landowner in the country, and the military is considered to own some of the most valuable land adjacent to urban areas that would be appropriate for commercial use.[117] One

[116] There are several cases where state land has reportedly been allocated to agribusiness companies at a price that is below the market rate. One example is Al-Waleed bin Talal Al-Saud's acquisition of land on the Toshka project that was discussed in Chapter Four. In the supermarket sector managers have also reported buying state land at a subsidised price. See the interview with "Omar" on p. 233.

[117] The issue of the military's ownership of land is clouded by a lack of transparency. But what is clear is that the military has a veto over land use and has the power to block a construction application due to supposed security considerations. See Barayez (2016).

manager of a fast food chain that is partly owned by Gulf capital said the military would have to start releasing some of the land that they control in order to stimulate economic growth: “The military are replacing the Mubarak regime and they own the best real estate. This is the only functioning body in Egypt and they are the only one that has discipline and planning. However they will have to let go of some of that real estate in order to deal with population growth,” he said.[118]

Other professionals in the industry said that the president’s office also controlled these decisions, at least before the revolution of 2011. In an interview in November 2013, “Omar”, a manager of a partly Gulf-owned supermarket chain, recalled the need to make a personal visit to Mubarak in order to lobby for the allocation of land for a supermarket project: “I was going to approach Mubarak and ask for subsidised land. We were not asking for prime land, but Mubarak was the key opener for these kinds of things. Nothing got done without Mubarak. We eventually got land at a subsidised price.” The manager of the company said that although his company had some Gulf shareholders, the fact that it was perceived as an Egyptian company improved the likelihood of receiving land: “If you are Egyptian you will have more sympathy. I think we had a better chance.”

Omar said that regardless of the changes in government over the last five years, the nature of decision making within the bureaucracy remained cronyistic, and this was unlikely to change in the near future: “You have to be the right person to do business here.

[118] Interview Cairo November 2016.

There is a lot of bureaucracy and you have to be the right person to deal with that. There is a circle of people who control everything and you see it in every company. They open the door because they have common interests with people in government."

However the manager went on to say that the political upheavals that had taken place since 2011 had created an air of uncertainty, and navigating the government bureaucracy had become harder, and decisions over land allocations were less clear than before. "With the new regime no one knows. No one is able to make decisions because they are scared," he said. He added that there was an air of insecurity over the allegations of corruption that had surfaced since 2011: "People are scared because everyone is accusing everyone else of receiving something." Nevertheless he went on to say the people in the Mubarak regime were returning to power, especially after the coup of 2013. "The people that were out with the revolution are coming back because you can't run the country without them," he said.

The relationships described in this section illustrate the modality of the state-capital nexus in Egypt, and the heterogeneity of this compound on the world scale. In this case Gulf investors have struck a deal with the Egyptian military, in which their supermarkets sell products made by the army's industries in return for its bureaucratic assistance and support. For the military, an incentive for this arrangement is the creation of revenue for its industries such as the AOI. This is an example of how foreign investment from the Gulf has reproduced the power of the military and further entrenched its place in Egypt's economy. In response to the economic liberalisation that has taken place since the 1990s, the military appears to have adapted, and by acting as a gatekeeper for foreign investment and renting out resources it has been rejuvenated by the flow of foreign capital.[119] This section also gave an insight into the role of the presidential office in mediating foreign investment through its control over land. One informant described the need to make a direct appeal to Mubarak for an allocation of land for a supermarket investment, suggesting that such interventions are not made through institutionalised channels of government but rather on the basis of informal connections to the executive of the Egyptian state. This is an indicator how the political negotiations that accompany these investments is often undertaken by the Egyptian partners of Gulf investors, upon whose connections to the state allows accumulation at the regional scale.

6.4 Fast food franchises

Gulf capital has played a lead role in introducing Western fast food chains to Egypt. These brands first appeared in Egypt in the mid 1970s and their establishment was a result of the economic reforms of *infitah*. The first fast food restaurant to appear in Egypt was Wimpey's, a British brand that had been introduced to Egypt by Kharafi Group's Americana. The outlet was opened in Talaat Harb Square in downtown Cairo and it was popular among wealthy consumers who considered it as a novelty and luxury.[120] As a result of this entrance, Americana introduced the culture of fast food, which spawned a

[119] See Marshall (2015).

[120] According to one professor at the American University of Cairo: "It became the fashion to go there. Everyone wanted to take their girlfriend to treat them to Wimpy's," (Salama, 2012).

number of domestic brands that emulated these foreign brands.[121]

Fast food grew rapidly through the 1980s, both in terms of the variety of brands and popularity. This continued through the 1990s when other brands such as McDonald's entered the Egyptian market. The growth of these chains is a good indicator of the meatification of the Egyptian diet that took place from the 1970s onwards. Egyptian street food consists of vegetarian dishes such as falafel or tamiyya, but the dishes served in these new chains revolve around beef or chicken. These outlets have now become common across much of Egypt, and they are an adjunct to the real estate developments and shopping mall projects that will be discussed later in this chapter; in areas such as New Cairo, Gulf-owned fast food brands are ubiquitous.

Gulf capital represents the largest foreign capital in the sector, as is illustrated in the following table:

Company and ownership	**Nationality of shareholders**	**Size and market share**
Americana - Kharafi Group	Kuwaiti	Americana has one of the biggest shares of the fast food market. It owns the following franchises:

[121] According to one study: "The arrival of the global QSR (Quick Service Restaurants) chains, particularly KFC and Wimpy, prompted the establishment of local QSR chains, e.g. Mo'men and Cook Door, from the late 1980s," (Abdelgawwad, 2012: 17).

		Kentucky Fried Chicken (KFC), Hardees, Pizza Hut, Costa Coffee and Baskin Robbins
Al Shaya Group	Kuwaiti	Owns the Starbucks franchise
Hana International - Olayan Group	Saudi	Owns the Burger King franchise

Sources: Euromonitor, 2015b; Zawya

The largest company in the industry is Kharafi Group's Americana whose Egyptian subsidiary, Egyptian Company for International Touristic Project, owns a number of Western brands such as Kentucky Fried Chicken (KFC), Hardees, Pizza Hut, Costa Coffee and Baskin Robbins. In 2014, Americana was considered to be the leading company in the fast food sector, and the group has a 6% share of the fast food market (Euromonitor, 2015b: 2). Egypt is one of Americana's most important markets and of the 1556 outlets that it has across the Arab region and Central Asia, 396 are in Egypt. One of its biggest brands is KFC, which has around 140 outlets across Egypt and in terms of chicken-based fast food KFC has a 70% market share in 2014 (ibid). Large market shares are replicated in other Americana brands and the company's Baskin Robbins franchise is estimated to have a 22% share of the ice cream market (ibid).[122]

Hana International is another Gulf company that has established Western fast food brands in Egypt and it owns the franchises for Burger King. Hana International is owned by the Olayan Group of Saudi Arabia, one of the largest Saudi conglomerates that has a global portfolio of investments. Al-Shaya Group of Kuwait is also present in Egypt and it owns the regional franchise for Starbucks and there are around 20 Starbucks outlets across Egypt (ibid). As a sign of the significant role of Gulf capital in introducing fast food brands to

[122] These market shares are approximate and they should be treated with similar caution to other estimate that are made about the agribusiness and food sector.

Egypt of the ten companies with the largest share in the fast food sector, two are owned by Gulf firms, two are Western companies and the remainder are Egyptian (Euromonitor, 2016c).

6.5 Fast food marketing and the Gulf: the creation of consumer demand

The creation of large market shares of Gulf companies has depended on a campaign of advertising and marketing. This section will examine the process of marketing and advertising of fast food by Gulf companies, and it will draw heavily from an interview that was made with a marketing executive of a Gulf-owned food company.

The penetration of Egyptian culture by fast food brands has created a culture that was observed during a trip to a Cairo shopping mall on a Friday afternoon in Autumn 2013. The food hall was packed with families for whom a meal from one of the fast food outlets forms the basis of a weekend trip or special treat. While the parents socialised, the children used the adjacent play area or entertained themselves with the toys that are included in the meals. In a crowded city such as Cairo, where public space is limited and children have few recreational spaces, air-conditioned malls can provide space where families can relax; provided they can afford the products on sale in the food halls. For corporations such as Americana, this social role of their outlets offers the opportunity to penetrate the minds of future generations of consumers, ensuring their loyalty to a brand and the culture of fast food.

The popularity of fast food is a consequence of the resources of these regional food conglomerates. Due to their financial power they are able to spend large amounts on advertising and marketing, and as an example the Americana Group spent US $265 million on advertising in 2014, a figure that had risen from US$185 million in 2011 (Americana, 2012; 2014). This huge budget manifests itself in television advertising and billboards across Egypt, a presence and influence that has created a demand for the products of corporate fast food. Often this advertising clearly targets youth and it features celebrities such as pop stars and footballers, with whom the younger generations might identify with.

Unsurprisingly one corollary of the spread of fast food outlets and the advertising that accompanies them is the rising levels of obesity in Egypt. According to one study: “Some of these habits (the consumption of fast food) are a function of ... the aggressive mass media advertisements by private fast food businesses,” (UNICEF, 2012). Egypt is estimated to have one of the highest rates of obesity in the African continent, and the rate has increased rapidly over the last 30 years (Charbel, 2010). In addition to obesity, rising rates of colon cancer and diabetes are also linked to poor diet. The problem of obesity among poor Egyptians is considered to be a consequence of the state’s subsidies on carbohydrates and sugar, cheapening their consumption. But among middle class Egyptians a cause of the condition is also considered to be increased consumption of highly calorific fast food. The popularity of fast food in Egypt correlates with the Gulf states, where the penetration of fast food brands has also been a cause of high rates of obesity and diabetes. Indeed, a feature of the Gulf-Egypt region is the concurrence of obesity and malnutrition; a state of stuffed and starved.

During an interview in his office in November 2013, “Karim” the advertising manager of a Gulf-owned fast food company in Egypt explained how his company had to create an awareness of its brands:

“When my company first opened in Egypt (in the 1970s) people thought it was a pharmacy because of the style of the logo. We had to make people understand that it was a food company,” he said. The employee said that his company also sought to change consumer practices for other commodities that it produces. “When we started a brand of potato chips we had to change consumer habits and it took 10-15 years,” he said “We had to persuade housewives that it is more time consuming to use the old style of potatoes (a reference to unprocessed potatoes). All the restaurants and hotels now use it as well,” he said.

Although marketing and advertising is the main factor behind the creation of the fast food market, this process has depended on a shift in regional politics and Egypt’s orientation towards the West and the Gulf states. The manager gave a long account of this process, and his perception adds weight to the argument that Gulf conglomerates played a central role in developing corporate food in Egypt:

> “It started back in 1967 after the Six Day War. A number of people from the Gulf went to the UK and they noticed the trend of fast food. Before that the region wasn’t so friendly towards Western investment. Then Sadat did a peace deal and the US

companies started to come in. I remember you used to see American frozen chickens with the US flags on them and that was the first time you would see them. This aid was used to build markets, and they were very keen to develop markets for American companies. The Middle East was ready for American products. The petrodollars also created a lot of capital that could be invested in Egypt. Gulf companies played a big role in creating the market here. There weren't many multinationals before Arab countries invested and they were the first. What happened is that Egyptians went to the Gulf and made money and then returned to open their businesses and partner with multinationals. They then went back to the Gulf and brought in investors following the relationships that they made in the Gulf. This marriage with wealth created the market in Egypt."

Karim also argued that the Egyptian market offers influence over the whole Arab region, due to its geographical position, and its political and cultural influence. "Egypt is the pivot country in the whole region, and it has influence from the Atlantic to the Gulf," he said. "All the Gulf businesses started to flourish here after the 1970s. We started in Egypt because there was a relationship between our owners and they started to build business in Egypt." [123]

The interviewee went on to say that his company's establishment was also aided by the close relationship between Egypt and Kuwait. "I think 1990 was a big event in the

[123] See Chapter Five for more detail on these individuals.

relationship between Egypt and Kuwait," he said. He added: "The Egyptian army defended the rights of Kuwaitis. Americana was the first company after the liberation of Kuwait to reopen and it continued to pay the salaries of all its employees throughout the occupation. The Kharafi family was committed to paying its employees."

The opinion of the executive offers an insight into how Gulf companies may have changed consumer tastes in Egypt. However consumer tastes and fashions are capricious and one interesting development that may challenge the popularity of fast food franchises owned by Gulf corporations is the recent emergence of Egyptian brands that promote Egyptian food and culture. Brands such as Zooba and Cairo Kitchen celebrate Egyptian cuisine and although they are relatively expensive, and are very small relative to Western franchises, they have the potential to grow in the future (Euromonitor, 2015b: 3). Some Egyptian brands have even made inroads into Gulf markets, where consumers have also shown an interest in Arab and "authentic" cuisine. Mo'men is an Egyptian brand that sells sandwiches and burgers. In 2008 the private equity group Actis invested $48.5 million in the company in order to enable it to expand into other Arab countries, including the UAE, Kuwait, Bahrain and Saudi Arabia.[124] However, although the emergence of new trends may challenge Gulf firms' existing brands, the capitalisation of Gulf conglomerates will most likely allow them to adapt by launching their own competitors, or more likely by buying them out.

[124] In another example the brand Sale Sucre, which is owned by the Egyptian company United Beverage and Food, opened a branch in Dubai in 2015 and the company has plans to open a number of branches across the Gulf (Aboulkheir, 2015).

6.6 New spaces of consumption and production

The Gulf-Egypt region is defined by the creation of new spaces of production and consumption. The previous chapters have illustrated how the flow of capital from the Gulf has had a corollary on the spatial reorganisation of agribusiness and food in Egypt, creating new scales of production that intensify the extraction of value. This section will illustrate that investment in corporate food retail is creating new spaces of consumption. As well as the geographic expansion of corporate food retail into new spaces, it will argue that Gulf-owned supermarkets are playing a role in expanding the market relations of food production among classes of Egyptian consumers that are reliant on less commodified systems of food.

From the outset, Gulf investment in Egyptian food retail has been associated with a reconfiguration of consumption space in Egypt. Gulf owned supermarket chains such as Carrefour and Spinneys were first launched in the cities of Cairo and Alexandria, and their arrival coincided with other Gulf investments in residential real estate and shopping malls. One early example was the Yamama Centre in the Zamalek neighbourhood of Cairo, which was financed by Prince Bandar Al-Saud of Saudi Arabia in 1989 (Abaza, 2006: 280).[125] These malls gradually expanded in size, and in 2005, the biggest shopping mall in Cairo, City Stars, was launched by the Sharbatly and Shobshoki families of Saudi Arabia.

[125] The emergence of these new malls took place as the government sought to privatise state-owned retail and by example the government sold Omar Effendi, a well-known Egyptian department store that was first opened in 1856, to Saudi investors in 2006. The sale was annulled in 2013 and shares in the company were returned to the state (Gamal, 2013).

The mall was one of the first "mixed use" facilities in Egypt and it includes cinemas, restaurants and shops, a scale on par with such facilities in the GCC states.

These new developments and the supermarkets and fast food outlets that accompanied them, led to changes in the patterns of consumption and urban life in general. Access to a car, or other forms of transport, enabled access to these huge outlets and they became segregated or at least separate from the older parts of the city. Their appearance was a hallmark of the absorption of Egypt into global consumer culture. In the words of one scholar: "Carrefour then is merely another addition to the expanding landscape of up-market Cairo ... The fast incorporation of malls, coffee shops and up-market restaurants into the daily lives of affluent Cairenes signals the consolidated and normalized nature of such reterritorializations of the First World. This conspicuously cosmopolitan Cairo has become the self-evident backdrop of the lives of affluent Cairenes," (Koning, 2009: 55).

These investments have succeeded in changing the space of consumption for Egypt's middle and upper classes, but the impetus for expansion is constant. Managers of agribusiness companies consider that Cairo remains underserved by supermarkets when compared to other Middle Eastern cities. One interviewee who is a manager in a Gulf-owned food company pointed out that while Cairo has 10 hypermarkets, Riyadh features 40 and in Istanbul there are more than 100.[126] As a result Gulf companies are seeking to increase their investments and both Carrefour and Spinneys have said that they

[126] Interview Cairo October 2013.

would like to increase their outlets in Egypt.[127] In the future other Gulf conglomerates are also likely to enter Egypt's food retail sector and in 2015, Aziza Panda, a supermarket chain owned by Savola, announced that it would open 16 outlets in Egypt (Trade Arabia, 2015).

As well as expansion within cities, supermarkets are also seeking to expand into the rural space. The penetration of rural areas would fortify supermarkets' position as the intermediary between producer and consumer, in the process challenging other forms of food retail and deepening the market relations of food. Outlets such as Carrefour have established in Cairo, Alexandria or the tourist resorts of Sharm El Sheikh or Hurghada, but not in smaller rural towns. However, there are signs that supermarkets may enter the rural space, with Gulf capital at the forefront. According to one interviewee who works in the agribusiness sector, Aziza Panda, is planning to open outlets in provincial towns: "Now we are seeing an aggressive drive in the retail sector and one of the biggest drivers is Gulf money. These investors are scaling up retail and now they are expanding. Aziza Panda's expansion into the Delta could change things and I think it will be a big success as there are very few outlets outside of Cairo and Alexandria."[128]

[127] Starting in 2012 MAF had been in negotiations to buy Metro Market, the acquisition was unsuccessful but it would have increased Carrefour's market share to an estimated 60% (Amcham Egypt, 2013).

[128] Telephone interview October, 2015.

The encompassing of new social classes and the penetration of non-corporate modes of food production is inherent to this spatial expansion. Corporate food is a class system and it defines consumers by their spending power. Private retail companies in Egypt are highly conscious of how their pricing and advertising appeals to different social strata. A manifestation of this is the explicit terminology that these companies use to describe the classes they target. I encountered this in interviews and the food retail industry refers to different classes by A-E, A being the most wealthy and E being the poorest. Other scholars have also noticed the use of the terminology. In her study of shopping malls in Cairo, Mona Abaza interviewed a manager of a mall who tried to stop working class people, or “class D,” consumers from entering his outlet by instructing the security guards to filter people based on their appearance, and barring those who wear traditional clothes such as galabiyaa (Abaza, 2006 :278)

For obvious reasons, managers of Gulf-owned corporate food retail have targeted wealthy and middle class consumers, the “A” and “B” segments of Egyptian society. However the industry has recently sought to expand into the food market that serves poorer consumers. In the early days of its operations in Egypt, KFC was restricted to the cities of Cairo and Alexandria, and its consumers were mostly urban middle class. Since the late 1990s the number of KFCs outside of the main cities increased and they are now located in smaller provincial towns. In order to achieve this expansion KFC sought to create demand among poorer consumers. One way this was done was through the introduction of cheaper products, and the chain began offering a special sandwich for around EGP 5, which was part of a special “economy meal” (Abdelgawwad, 2012: C-45). As a result, KFC has continued to expand, and between 2012-2014, in a period when foreign investment slowed down due to concerns over political instability, Americana opened 72 restaurant branches in Egypt, and throughout this period the sales of its branches grew (Americana, 2012; 2013; 2014).

Supermarkets are also accessing poorer consumers by making their products more affordable. One way this can be accomplished is through the downsizing of packaging. This is a strategy that has already been noted in other parts of this thesis, and it includes practices such as adding water to milk, and using cheaper ingredients. According to the manager of a Gulf-owned fast food company, consumer goods multinationals have used this strategy in order to penetrate markets in Egypt, and elsewhere in Africa. “There is a big business here to produce smaller packs for the poor. Unilever started this. This is how Procter and Gamble built a several billion dollar market in Egypt,” he said.[129]

However the intensification of the market relations of food is limited by the resistant nature of non-corporate food systems in Egypt. Social formations such as the family system of food production and rural life act as barrier to the spread of corporate food retail. As is the case in most societies, food production within the family unit in Egypt is gendered. For supermarkets’ position to reach a par with the Global North, the labour time of women must be transferred from the unpaid labour of domestic work to wage labour, thus

[129] Interview, Cairo November 2013.

compelling a family to become more reliant on prepared and packaged food.[130] The presence of Egyptian women in employment has sporadically increased since the 1980s, especially in the private sector (Assaad: 4). In the long term this has the potential to lead to a radical restructuring of the family relations of food provision. Business reports on Egypt suggest that the growing number of women in employment has resulted in an increased dependence on supermarkets and the durable and packaged food that they offer. According to one report: “Sales of prepared foods are growing rapidly. The increasing number of working women has led to an increase in their purchasing power and the demand for ready made meals,” (Maldonado and Mansour, 2010). However while this is a possibility for middle class women, increased entry into the labour market for working class women has often led to casual or poorly paid jobs, and reports of their increased spending power should be treated with some caution. What is more likely is that the bulk of the Egyptian population will continue to rely on domestic labour for the provision of food, but possibly in more complicated organisational forms, as women are forced to juggle domestic work with casual labour.

Other structures that limit corporate food retail are forms of distribution owned by the state, and informal food sale such as street markets and kiosks. State-owned supermarkets remain popular, primarily as their prices are competitive; they receive a quota of

[130] The deepening of market relations of food and the increase in employment in 24 hour food retail was examined by Harriet Friedmann in her article “Remaking Traditions”. she argues: “Thus "traditional value values" - symbolized by the family meal are giving ways to individual life trajectories. Family members work long and odd shifts, especially in food retail and services, and buy meals” (Friedmann, 1999: 53).

commodities directly from the wholesaler and many of the items are subsidised, making their products cheaper. Due to their low prices, these stores are popular, especially during periods such as Ramadan, when discounts on basic commodities can be as high as 40% (Euromonitor, 2016: 2). Such is the demand for these outlets, the Ministry of Supply and Internal Trade is planning to open a large hypermarket that will sell state-controlled discounted products.[131]

Aside from the state-owned outlets, non-corporate forms of retail remain the main provider of food for most Egyptians and they range from family owned shops to kiosks and street markets. These informal forms of food retail are unlikely to be challenged by corporate food retail in the near future and one aspect behind their popularity is the factor of access. Given that the majority of Egyptians do not own a car, these local sources of food are convenient and can be accessed on a daily basis, unlike a hypermarket that is often located outside of a residential neighbourhood and requires vehicular transport. This has been observed by other scholars. According to one study on Egypt: “Convenient here is used not in any luxurious sense, but in the practical sense that many women have small children to take along or to leave with people, and other women have large families, i.e. need large quantities of vegetables” (Gertel and Petra 1994: 281).

[131] In the late 1990s the government considered privatising these outlets and in the case of one chain it rented the premises to a private chain called Edge Market, which would later be acquired by Sainsbury's (Albawaba, 2000). However their presence seems to have endured, perhaps due to the importance of their role in supplying food to low-income consumers.

More generally, the state subsidy system is a limit to all forms of corporate food. However, as has been illustrated throughout this thesis there is interaction between Gulf-owned companies and this system. For example, Carrefour retails products made by the government's Food Industries Holding Company (Ahram Online, 2014b). This extension of Carrefour's supply chain into the government-owned food industries suggests that an asset of supermarkets is their ability to provide spatial access to consumers. As a sign of this, one manager of a Gulf-owned supermarket said that some of Carrefour's customers buy wholesale for retail elsewhere in the country: "you can see them on a Friday, buying large quantities of products for their shops in the Delta."[132]

The sale of government products by Carrefour represents the power of corporate food in Egypt's food system. An area where supermarkets also hold significant influence is over the price of food. According to Mahmoud (the manager of a Gulf-owned supermarket chain who was interviewed in November 2013) government officials are concerned about increases in food prices and as a result they prefer if his company avoid raising prices. "There is a lot of pressure on food prices and if I put up the cost of 100 basic items than my competitors will do the same," he said. "Inflation is an important issue. We try to manage this and we consider it as a form of corporate social responsibility." Supermarkets portray themselves as managing this influence over food prices responsibly and ethically. In 2014, Carrefour announced that it would fix the prices of 30 basic food items (Farid, 2014b). The Egyptian manager of the chain was quoted by the media as saying that the policy was implemented due to the chain's "commitment to assist the Egyptian people"

[132] Interview, October 2013.

(ibid). In response the Minister of Supply described Carrefour's decision as reflective of the private sector's ability to play a "national role" by protecting consumers from rising prices (ibid).

This influence gives hypermarkets and other forms of corporate food, a negotiating chip that can be used in discussions with the government, namely over the removal of the fuel subsidy.[133] The price of fuel, has an effect on the cost of food due to the increase in transport costs, but also because of the use of fuel in other parts of food production, such as water pumps. In interviews, managers of agribusiness and food companies were supportive of the government policy to reform the fuel subsidy, mostly due to their concern that it is fiscally unsustainable. However, in return for not raising food prices in response to an increase in fuel prices, several managers of food and agribusiness companies say that the government should assist them by facilitating the issue of licenses and permits, especially when it comes to building new supermarkets. One manager of a Gulf-owned agribusiness company, was explicit about this in an interview in October 2013: "The cost increases of diesel can be mitigated with comprehensive government measures. The cost of delivering to many small outlets can raise costs by as much as 50%, and this all gets passed onto the cost of the producer. If they can help provide land and permits for these new supermarkets then it can help us deal with the cost of diesel."

Some figures in the agribusiness sector even believe that the food subsidy system should be opened to the free market, and that corporations should be subcontracted to produce

[133] The fuel subsidy is still in place but in 2016 it was cut by almost half due to low oil prices (Farouk, 2016b).

subsidised commodities. This was the opinion of Karim (the advertising manager of a Gulf-owned food company who was interviewed in November 2013) who argued that: “the subsidy cost will not be passed to the consumer because the GDP that is freed up will go back into the economy. Our market share would increase because it would open up the market to goods that we could produce that would be better than government goods and only be at a slight premium.”

Although this may be wishful thinking, such a discourse is taking place during a period in which subsidised food continues to be the target of government cuts.[134] In 2014 the bread subsidy was reformed, and bakeries now buy flour on the open market and are compensated by the government. The food subsidy system was also changed in the same year, resulting in an increase in the cost of subsidised items. Moreover, as was mentioned earlier, in 2015 the state announced that it is considering privatising the Food Industries Holding Company, a company with 43 subsidiaries that represents a substantial part of the state food system.

Another way in which Gulf-owned corporations are beginning to creep, albeit in an indirect manner, into the food system of poor Egyptians, are their attempts to become involved with a school meals programme that was established by the World Food Programme (WFP). The scheme was started in 2011 and provides snacks and nutritional education to around 67,000 children in the poorest areas of the country (WFP, 2015). The private sector has already contributed to the programme and in 2015 Vodafone announced that it

[134] See CESR (2014).

had contributed US $1.2 million (ibid). According to Karim, the manager of a Gulf-owned fast food company, his company had bid for a contract to provide products for the scheme. “Our dairy company is trying to bid for the government school meals programme. They spend 5-6 pounds (for each meal) on it and it is good for us as we get the opportunity to build the market,” he said.[135]

Given that Gulf-owned corporate food retail is seeking to expand, many of these companies has vertically integrated logistics that can link these spaces of consumption, with the spaces of production that were described in previous chapters. Carrefour’s supply network is one of the largest in Egypt, and the chain is estimated to have the largest amount of stock of any supermarket in the country (Gad, et al. 2014: 122). The Maadi branch of the supermarket has 300 suppliers and in Alexandria its outlet has 190 (ibid). The City Centre branch of the brand receives orders from 298 companies on a daily basis. In a sign of the extent of Gulf capital’s accumulation in multiple aspects of the corporate food system in the Middle East, Carrefour has outsourced its logistics to Agility, a Kuwaiti logistics company that operates globally.

The foundation of these supply chains is central to the accumulation in this sector, as it allows a company such as Carrefour to position itself in the centre of the circuit of commodities. The inability to establish a domestic supply chain was one of the reasons why Western multinationals failed in Egypt. According to one study, Sainsbury’s relied on

[135] The term “build the market” in this sense is a reference to the opportunity to build brand awareness and change consumer tastes.

products that were imported from its warehouses in the UK, meaning that they were expensive for Egyptian consumers who were also unable to recognise the foreign brands (Assem and Swanberg: 4).

According to Mahmoud, the employee of the European supermarket that is owned by a Gulf company, establishing a supply chain saved his firm from a similar fate to Sainsbury's: "In 2003 we were close to bankrupt in Egypt. We tried to follow the way of Sainsbury's, who made their Egyptian store the same as the one in the UK," he said. The employee said that in response to the problems of importing supplies, his company built a domestic supply network that allowed his company to cater to local tastes and manage changes in currency rates. Mahmoud said: "I stopped importation because we couldn't deal with the currency fluctuation and the rotation was very slow. Now only 12-14% of our goods are imported and this accounts for 20% of our sales. Egypt is a fantastic producer. It has cheap labour, a wide range of possibilities in terms of productions. We have 1700 items that are made in Egypt."

The establishment of supply chains by supermarkets and other retailers is a disciplinary force in the corporate food system, as it forces regulations and standards in a regime where regulation has become voluntary. This was expressed by Tarek Tawfik, the managing director of Cairo Poultry Company, and a prominent figure within Egypt's agribusiness sector:

"Food chain restaurants such as McDonalds and KFC depend on local suppliers to supply them with food and other products, and since franchisers put specific regulations that local suppliers should follow (as quality regulations), many local suppliers have been given certifications as they abide to international quality standards and this gives them the right and ability to export to other countries," Tawfik said in a media interview (Samir, 2015).

As a sign of the uneven nature of the reterritorialisation of scales of production, these supply chains bypass smaller, non-corporate producers due to the capital investment that is required to meet the standards set by supermarkets, and the scale that they require. "Accessing the value chain" is a popular subject for NGOs and development agencies who encourage investment in infrastructure that enables small farmers to sell their produce to hypermarkets such as Carrefour. However there is little evidence that small producers have been able to access such buyers. Moreover, one observation made during visits to Carrefour and Spinneys hypermarkets in 2013 is that they appeared to be primarily concerned with the retail of durable and processed commodities, and its sale of fresh products is much less than is found in supermarkets in Europe. This may partly be due to the lack of cold transport facilities in Egypt, and also due to the self-enclosed nature of the export supply chains to the Gulf and Egypt, which bypass the Egyptian market.

The establishment of supply chains embedded into domestic Egyptian production represents a form of localisation. Meaning that while maintaining the same brand and appearance, they also respond to local characteristics of production and taste. In turn, hypermarkets' supply chains develop the market of agribusiness companies. The logistics that accompany a hypermarket supply chain, in the form of cold storage and refrigerated transport, increase the market for the fresh products of agribusiness such as dairy and meat. With this considered, the corporate food system in Egypt can only reach maturity if the number of supermarkets increases. As a result all interviewees who work in agribusiness companies viewed the opening of new hypermarkets as positive.

This section has restated the scalar nature of the Gulf-Egypt region. While previous chapters illustrated the formation of new spaces of production at the national scale, this chapter has shown how Gulf investment has invested in corporate food retail that has created new spaces of consumption. It should be emphasised that this process is uneven and the majority of exchange within the circulation of food commodities takes place outside of the corporate food system. However the non-corporate systems of food, and the non-market relations of food represent potential spaces for future expansion. This will be a long-term process but the fiscal crisis of the Egyptian state creates the possibility for commodification of these structures of social reproduction. The suggestion that the state might privatise its food industries, and the possibility of further cuts to the basket of subsidised foods are examples of future moments that may further deepen the Gulf-Egypt region of the corporate food system.

6.7 Conclusion

This chapter has served to illustrate Gulf capital's ownership of corporate food retail in Egypt. GCC investors own some of the largest chains of supermarkets, and fast food chains in the country, and this is another indicator of Gulf capital's central role in the construction of the third food regime in Egypt. Food retail is an integral part of the corporate food system as it disciplines the market by enforcing standards and practices down the supply chain. In terms of supermarkets, outlets such as Carrefour have embedded themselves into the Egyptian market, by localising their operations through the establishment of a supply chain of Egyptian-produced goods.

These investments have been mediated by the state. Relations between Gulf investors and the Egyptian state have enabled supermarket chains to override the bureaucracy and ensure the allocation of land for its operations. This chapter has revealed the nature of a commercial relationship between one Gulf-owned supermarket chain and the Egyptian military, illustrating the miscellany of relations that form the synthesis of the state-capital nexus. This is a relation that is present in every stage of the supply chain that Gulf capital has invested in and it illustrates the continued role of the state in the corporate food system.

This chapter has also analysed the manner that Gulf capital has reshaped spaces of consumption in Egypt, a further illustration of the scalar nature of the Gulf-Egypt region. Through its investments in corporate food retail GCC investment has been a central force in the reterritorialisation of consumption space in cities such as Cairo and Alexandria. Gulf supermarket and fast food brands are also expanding into rural areas, a process that may spread the market relations of food. This accumulation is limited by non-corporate food and the state system of food subsidies, but there are signs that these spheres are being penetrated by the corporate system. Gulf capital is also playing a role in linking these spaces of consumption with spaces of production that were mentioned in previous chapters, and this is manifested in the supply chains that have been established by supermarkets such as Carrefour and the logistical operations that facilitate these chains.

Chapter Seven: Conclusion

This thesis has sought to make an original contribution to knowledge by responding to the lacunae that were indicated in the introduction. It has augmented literature on the neoliberal period of Egyptian agriculture by illustrating the role of Gulf capital in the transformations that have taken place since the early 1990s. It has also contributed to food regime literature by illustrating the geographical formation of a region and the nature of space within this region. It has also grounded food regime theory in a regional case study. The thesis has contributed to literature on the political economy of the Middle East by providing a industry-specific illustration of the manner that Gulf capital is transforming the region's economy.

This chapter will provide a summation of these findings. Firstly it will review the notion of a Gulf-Egypt region in the corporate food system. It will then provide a recap of the main points that were made in the chapters of this thesis. This will be followed by broader conclusions and implications of the research, followed by a section that will contextualise my research by a comparative examination between Gulf capital and other capitals.

7.1 The Gulf-Egypt region

The Gulf-Egypt region is a notion that has been used to show how the relation between the Gulf and Egypt forms a pole in the global corporate food system. The dynamic of this region is based on the subordinate absorption of Egyptian food and agriculture into Gulf capital circuits. This has been defined on the basis of several criteria. Firstly Gulf investment has capitalised the restructuring of the agribusiness sector in Egypt, and has invested in the companies that form the core of the tier of corporate production. As a result, Gulf capital has played a central role in the construction of the third food regime in Egypt. This production is primarily for the Egyptian market, but it is also exported to other Arab states such as Libya, and future export markets may be expanded to include other Arab and African countries. Secondly, Gulf capital has established a productive horticultural platform, in the form of land reclamation projects that provide table crops and livestock feeds for export to the GCC states. Other measures of the contours of this region include shared consumption patterns and the consequence of these tastes on public health.

The concept of this region is intended to enrich spatial and geographic understandings of the third food regime. In order to avoid reification, a scalar understanding of this space reveals its multifaceted nature. The Gulf-Egypt region has been formed through new scales of production in Egypt. These new spaces are represented in the spatial reorganisation of agribusiness, and this is manifest in land reclamation and agro-industry. These scales are in a continual state of being territorialised and reterritorialised, and they allow the extraction of value to the Gulf. The Gulf-Egypt scale overlaps with other regions and it is a regional scale within a global system. This is illustrated by the imports of large amounts of grain and other commodities to both the Gulf and Egypt.

The historical roots of this region can be traced to the structural adjustment policies that followed the fiscal crisis of 1988, which resulted in the state's retreat from its social management of agriculture. The privatisations and free market policies that were a part of the IMF's conditions for its bailout, provided the opening for Gulf capital's flow into the sector. This was accelerated during the 2000s due to the surplus capital created by the high oil price.

The IMF and other international finance institutions (IFIs) created the conditions for the third food regime in Egypt, and its relationship with foreign capital such as that of the Gulf, concurs with definitions of the present regime. Institutions such as the WTO provided transnational governance for international capital, and have played a role in securing the conditions for Gulf investment in Egypt. The IMF and WTO are a feature of an international order in which the US is hegemonic. Despite the multipolarity of the third regime in terms of flows of capital and commodities, and the formation of new regions bound by corporate power, the role of such institutions illustrates the ongoing relevance of US power in the global system.

The Gulf-Egypt region has been territorialised through the state-capital relations that have been illustrated throughout this thesis. Gulf capital is an adjunct to class formation in Egypt, and its investment has made and remade a state-capital nexus; its accumulation has been mediated by its relations with the state. These links constitute a mosaic and they are manifest in commercial relations with the Egyptian military, shared ownership of listed companies, and membership of lobbying groups. This thesis has included Gulf capital's partners in Egypt within this nexus on the basis of their relations with the state. These partnerships are often bound through financial markets and institutions

A particular feature of the state-capital nexus, and its role in the Gulf-Egypt region, are contracts that constitute state to state investments. Acquisitions of land on Toshka and Sharq El Oweinat have been undertaken by Gulf state-owned companies or firms that are very close to the rulers. This is a form of what McMichael described as “agro-security mercantilism”, and its manifestation suggests that the formation of new regions on the basis of close bilateral relations may challenge the global principles of free trade that are espoused by the WTO (2013: 48).

The relations that form this nexus have been subject to moments of intense contestation, most noticeably in the form of the 2011 revolution. This event provided a insight into the fragility of the alliances within the Gulf-Egypt region. The project of social dispossession that has unfolded from the 1990s onwards was undertaken by the relations embodied in the state-capital nexus and Gulf capital's accumulation shaped state formation under Hosni Mubarak. The 2011 revolution offered a chance to reverse this dispossession, and return management of state resources and the food system to a greater level of social control. Although any such aim fell short, the emphatic role of the Gulf in supporting the counter revolution, in the form of President Sisi, and to a lesser extent President Morsi, is an indicator of the importance that was attached to the status quo.

One of the features of previous food regimes has been their relative stability. In the Gulf-Egypt region this has been managed by the alliance between the elites of the Gulf and Egypt, and the hegemony of the US’ defence of free trade. Although the 2011 revolution may have briefly disrupted this stability, the reconfiguration of the alliance based on President Sisi may sustain the region for sometime in the future. Certainly, large conglomerates such as Savola and Al Marai appear to be committed to the Egyptian market and plan further investment to their operations, as discussed in Chapter Five.

However the fractures that may challenge this alliance are conspicuous in the deterioration of social conditions in Egypt. One sentinel is the rising levels of food insecurity and malnutrition, especially as the 2016 flotation of the Egyptian pound has made food imports more expensive. An indicator of the political importance of this issue is the slogan of the Arab revolution “bread, freedom and justice”. The Gulf-Egypt region is antithetical to food sovereignty in Egypt, and its neoliberal ethos leaves food security to the management of the international market. Attempts at self-sufficiency have not been prioritised, and this is manifest in the government's neglect of the smallholder sector since the 1990s. The Egyptian resources that could be utilised by smallholder farmers in an attempt to develop self-sufficient food security have been grabbed by corporate agribusiness. The tier of corporate production, which has been partly capitalised by the Gulf, has extended its control over resources such as land and water, and its products are affordable for a minority of Egyptian consumers. Politically these agribusiness companies have been given privileged treatment and the influence of agribusiness companies has advanced as that of smallholders has retreated. The marginalisation of small farmers is best illustrated in the differential social relations behind desert reclamation projects such as Toshka. Gulf investors receive subsidised resources for the production of export crops while smallholders struggle in the chaotic fluctuations of the free market, amid declining levels of state support.

The control of these resources by regional Gulf agribusiness conglomerates has taken place amid a crisis for smallholder farmers in Egypt and this is manifest in the emergence of urban slums in Cairo. The levels of poverty and food insecurity form the material basis for future revolts and although there appears to be a moment of stability as a result of the oppressive rule of President Sisi, this remains a period of contestation, and as a result there is always the possibility of progressive advance. According to Friedmann: “Times of contention offer real choices of direction. More than one compromise is always possible. Social movements play a key role both in unfolding crisis and in emerging relations of wealth and power,” (Friedmann, 2005: 234).

Another limit to the corporate food regime in Egypt is environmental. The corporate food system has opened the frontier of desert reclamation projects and their access to water resources. But the future of this resource is not certain. These projects are an example of the increased pressure on the hydrology of the Nile Basin as a result of population growth and agriculture. The construction of a dam in Ethiopia, which will be completed in 2017, also raises the prospect that Egypt’s control over the Nile will be weakened. The use of groundwater for export agribusiness is myopic, partly because it appears that there is a dearth of knowledge on these non-renewable resource. This is pertinent given that these resources could serve as a national reservoir that can safeguard a level of self-sufficiency in agricultural production, as opposed to their current exploitation which has been undertaken for the export of raw materials for regional agribusiness supply chains.

7.2 Concluding remarks by chapter

Financial markets

Financial markets and institutions have granted Gulf capital access to Egypt's food sector. Although not all investments made by Gulf companies have taken place through financial markets in Egypt, a significant proportion have. As a result these markets are the basis of the architecture of the Gulf-Egypt region, and they have facilitated the cross-border ownership structures and partnerships that place the GCC at the core of accumulation in this regional space.

A corollary of this has been organisational. Capitalisation through financial markets provided the funds for vertical integration. The structure of transnational transfer provided by private equity, resulted in the food and agriculture sector becoming highly capitalised during the 2000s, and surplus capital was channelled into this sector. Another major consequence of this process has been temporal. The private equity firms discussed in this chapter have sought to rapidly return capital to shareholders, and therefore aim to acquire and restructure companies, and then resell them. Stock markets also offer a similar temporal gain, in that they provide a structure for capitalisation and return of profit that is unavailable elsewhere.

This chapter also illustrated the role of private equity in applying the principle of exchange value to the management of food. This has abstracted food and agribusiness, and has meant that companies are often traded rather than subject to long-term investment; land is valorised by its exchange value, and this was illustrated in this chapter.

Egypt's food sector has been rapidly capitalised through financial structures. However, as a result of the temporal fluidity offered by financial markets, capital can also be quickly divested from the sector. This raises the prospect that the absorption of food and agriculture into financial markets could destabilise productivity, especially in the event of a political or economic shock. This is especially tenable given that finance may be attracted to the agriculture sector due to the lower level of fixed investment relative to other productive sectors. The potential for speculative bubbles that is inherent to financial markets is a risk, and this is particularly pertinent given the concentration of agricultural assets that are held by private equity companies and firms listed on the stock market.

Gulf capital’s financial transfer into Egyptian food and agriculture is a characteristic of the neoliberal period, in which finance capital has played a increased role in social reproduction. The role of financial markets in social reproduction also grants it an influence over the nature of state intervention. This is a dynamic that has enhanced capital's influence over the state. This is particularly the case where the shares of state-owned food companies listed on the Egyptian stock market have been acquired by Gulf investors, creating a material partnership between the Egyptian state and Gulf capital.

The nature of financial markets and their role in Gulf capital's internationalisation into Egyptian food does not directly constitute a form of financialisation. Gulf capital's accumulation through the structures of private equity and stock markets are directly tied to production. There is little sign of food conglomerates entering financial services, and derivatives are generally not present in the Egyptian food market, although this may happen in the future. One aspect of financialisation is considered to manifest itself in the style of management, although this research did not make any assessment of this.

The relationship between food and financial markets in the Arab region is one that requires further research. In Europe the increasing absorption of agriculture into financial circuits has been cited as a cause of the decline in the rate of investment in the sector. However in Egypt it is still hard to discern whether there has been a decline in the rate of investment, despite the increase in short-term management strategies, and the extraction of profit through restructuring. In my research there is evidence that companies that have been acquired by private equity companies, partially or otherwise, received investment that allowed them to expand their capacity and productivity. This topic would benefit from a quantitative study on the rate of investment in all agribusiness acquired by finance. One inference is the possibility that Global South countries such as Egypt are at an earlier stage in the development of a corporate food system, in which there is a higher level of investment. Whether this is a cyclical process that features a decrease in investment as the sector matures remains to be seen. This question is particularly important given that the food price crisis of 2007-2008 is taken by some to represent a signal crisis of capital accumulation, caused by the inability of finance capital to transfer into productive investment (McMichael, 2012: 682; Moore, 2010).

Gulf capital and land reclamation

The reclamation projects that were described in Chapter Four are a characteristic of the “land grab” phenomenon that is a feature of the third food regime. Although many Egyptian companies were involved in this process, Gulf capital was a central component in the biggest projects, such as Toshka and Sharq El Oweinat. These New Lands represent a productive land base for a supply chain for industrial processors, and are a source of high-value export table crops. The state’s policy of allocating areas of desert land to agribusiness for reclamation facilitated the development of the corporate food system. In the words of one interviewee this process was an “agent of change” and it allowed agribusiness to bypass the social, environmental, and spatial limitations of the traditional agricultural areas of the Nile Valley. As a result of their role in the supply chain, the opening of these new lands, and the water resources that they rely on, has been behind the restructuring of a nationally integrated agriculture. This articulated production at the national scale features some particular characteristics; its integration of the supply chain has been almost entirely industrial as a result of the ability to produce land as a productive commodity, in the form of land reclamation.

A feature of Gulf investment in these projects is the “food security” rhetoric that accompanies them. As was outlined in Chapter Four, the Gulf companies behind the projects often present their activities as being universally benevolent and underwritten by a social purpose. This manifests itself in their promotional material, and is also assisted by the discourse on food security that has been sponsored by the Gulf states. However there is very little evidence that these projects serve the non-market food security of Egypt; rather these projects are the base for supply chains for agro-industry in the Gulf and Egypt.

The rising investment in these land projects is driven by a policy change in the Gulf states (particularly in Saudi Arabia) over state support for domestic agriculture. Following the depletion of groundwater supplies, countries such as Saudi Arabia are supporting the offshoring of food supplies. In this context the projects described in Chapter Four are part of a spatial fix that allows the Gulf states to manage the rising cost of food and safeguard their political stability. The role of offshore platforms in food security are an illustration of the manner that social reproduction in the nation state is permeated, and is increasingly reliant on scales of space that transcend national borders.

These projects illustrate the nature of the relationship between Gulf capital and the Egyptian state. Firstly, the state mediated accumulation by providing resources for these projects; pertinent given the differential that exists between this intervention and the decreasing support for small farmers. The examples of Toshka and Sharq El Oweinat represent the diversity of the alliance between Gulf capital and the state, and these projects illustrate how the state capital nexus is made, and remade through the flow of Gulf investment. Gulf capital is mediated by state institutions whose power is reproduced by this role. In the case of Toshka, Gulf investors secured access to Egyptian resources and it ingratiated itself with the presidential executive, positioning themselves for privatisations. Hosni Mubarak was able to use the involvement of high-profile figures such as Al-Waleed bin Talal Al-Saud in order advance a project that was important to the legitimacy of his regime.

These projects are segregated from the traditional areas of agricultural production, and their remote desert location makes them difficult to access. In the case of Sharq El Oweinat, its management by the military has resulted in its securitisation. This foreignisation of space has frustrated public scrutiny and there is a dearth of information or public awareness regarding these projects; significant given the acquisition of water resources on a large scale that is inherent in these plans. These schemes set a precedent for hydrological management and raise the prospect of continued rerouting of water away from smallholder agriculture to agribusiness. This is especially important given the growing pressure on the Nile River that will be created by dams and population growth. With this in mind, further research and activism should focus on these land reclamation projects in order to raise public awareness and challenge their social segregation.

As was argued by Sassen, the mode of these projects is at odds with the depiction of neo-colonialism that can be represented in the land grab discourse (2013). In the case of Egypt, the state, particularly the presidential office and the military, has been a willing agent in these projects regardless of the fact that they represent questionable social benefit to the population. Indeed, Gulf capital was not the primary actor in seizing these resources although it was a beneficiary. With this in mind, a potential characteristic of the multipolarity of the current food regime is that dispossession has become more of an endogenous dynamic that stems from internal social relations, the logic of modernisation, industrialisation, and foreign investment.

Gulf capital and agro-industry

Gulf capital has been central to the restructuring of agro-industry. GCC investment enabled the industrialisation of the sector and its companies feature the largest market shares and most expansive operations. In Chapter Five, this was illustrated in three agribusiness sub-sectors: processing, poultry and dairy. Gulf investment in agro-industry and processing has contributed to a sector that shares many characteristics that were outlined in food regime literature. Capital intensive processors and industrial farms produce commodities. The power relations of their stakeholders grants them control over resources through vertical integration and influence over government policy. In many cases, this integration is a dialectic between formalisation and deformalisation, as the corporate food system relies on vertical integration and vertical disintegration, whereby companies acquire commodities from smaller farms. Another feature of this nexus is the superweed effect of the unforeseen biological consequences of the intensive nature of this farming. In the case of poultry farms, Avian Flu has played a role in creating a market for capital intensive farms as their ability to offer biosecurity has allowed them to survive and grow following the attempt at a cull in 2006.

This industrial development qualifies Egypt as a New Agricultural Country (NAC) (Dixon, 2013a). However, given Gulf capital's role in the industrial restructuring that secured its status as a NAC, this thesis would locate the emergence of the NAC as predicated on the Gulf-Egypt region. As a result, the restructuring of agro-industry and accumulation occurs at the regional scale and the determination of industrial development as a national process can obfuscate the regional nature of a NAC.

The state has been a central actor in the restructuring of agro-industry. In addition to the class relations evident in the Gulf and Egyptian shareholders of these companies, the state-capital nexus has been institutionalised in the form of lobbying groups that secure the mediation of the Egyptian state. This influence and access to government policy is not mirrored in the smallholder sector, and smaller farmers have to struggle within the free market amid declining state support. The state also has a modernist and productivist bias toward agribusiness, which it considers as a safe and modern source of food.

Another consequence of the capitalisation from the Gulf has been the deepening of the spatial and social segregation between industrial farming and smallholder agriculture. The outbreak of diseases such as Avian Flu and the failure of the government to prevent the overcrowding of poultry farms has meant that the largest companies are seeking to push deeper into the desert, further away from population centres of the Nile Valley. In a similar manner to the process of reclaiming land, this is a spatial shift that is a response of capitalist farming to the environmental crisis of the traditional rural areas. This is represented by a perception that the Nile Valley is polluted, chaotic, and exhausted.

The social corollary of this is similar to that of land reclamation projects and may result in the increased alienation of the labour force. On large poultry farms such as Cairo Poultry Company, workers live on site in dormitories and are separated from their families and communities. Labour on these farms have previously been exposed to Avian Flu and in some cases the ongoing risk of further outbreaks mean that workers are confined to farms for long periods. Given the likelihood that employees on poultry farms face intense and harsh conditions, this subject would benefit from further research, especially in light of the history of strikes and also the reports that children are employed on these farms. Chapter Five also argued that this spatial reorganisation has formed new spaces that have enhanced control over production and allowed heightened accumulation in the Gulf-Egypt region.

A central component in Gulf capital's accumulation in the agro-industrial sector are the low wages of Egyptian labour. Although all stages of the supply chain base accumulation on the low cost of Egyptian labour, agro-industry features the largest workforces. The government is intent on maintaining this low cost of labour, and successive governments since 2011 have resisted pressure from unions and activists to introduce a minimum wage. This is an insight into the absence of a social agenda within the government's development plan, which appears to be focussed on industrialisation and foreign investment at the expense of social development.

In the same context, although there are many examples of capitalisation resulting in the introduction of technology and modernisation to agro-industry, in the long-term the low cost of labour may limit such investment, as it removes an economic incentive to automise the factory line and reduce the cost of wage labour. This contradicts the claim of some government officials that foreign investment results in technology transfer, and companies have little incentive to improve the skills of their workers or invest in their long-term fulfilment.

The condition of workers and their exploitation is pertinent given the high levels of poverty that exist in Egypt. This deprivation is a cause of food insecurity, and the sustained reliance of many Egyptians on government food subsidies is an indicator of the way in which the state compensates for the conditions that allow the accumulation of private capital. This represents a contradictory and unsustainable system where corporate food's inability to produce cheap food, and the social corollaries of cheap labour and dispossession, creates a fiscal burden in the form of food subsidies. This system does not serve universal food security; workers and their nutritional needs have been marginalised.

The low-income of a large number of Egyptians creates a market for agro-industry's relatively low-cost durable and denatured products. This is a process of bifurcation. While wealthier consumers can afford the fresh and higher-quality products of agro-industry such as milk, cheese, and poultry, poorer consumers access low-quality products of the same companies. In this context consumers in the Gulf-Egypt region are defined by class as opposed to nationality, and while wealthier Egyptians consume the same products as their counterparts in the Gulf, poorer Egyptians are unable to access these commodities.

Supermarkets and food retail

Gulf capital owns some of the biggest supermarket and fast food operations in Egypt and it has been responsible for the introduction of Western brands such as Carrefour and KFC. The role of Gulf investors in the establishment of these names confirms the regional nature of the corporate food regime in Egypt. These internationalised Western brands entered into partnerships with Gulf companies, who acquired them and capitalised their expansion into markets such as Egypt.

Supermarkets and fast food chains are an indicator of the manner that the corporate food system incorporates the entire supply chain, from farm gate to the consumer. Supermarkets have established their own domestic supply chains and distribution networks, and fast food retail companies such as Americana have vertically integrated supplies. These supply chains were essential for the establishment of corporate retail operations in Egypt, and they have disciplined suppliers by enforcing quality controls in a voluntary regulatory environment, a hallmark of the corporate system. This is significant given that one of the reasons behind the failed attempts of other companies to operate in Egypt was the inability to establish a domestic and reliable supply of regulated commodities.

Supermarkets have not obtained the same pivotal control over the corporate food system that they occupy in the West. In Egypt, corporate retail of food accounts for a minority of Egyptian consumers and the majority continue to access commodities through other forms of retail such as the state system, or more informal sources such as street markets and neighbourhood shops. However the system of food retail cannot be simply categorised; some consumers are likely to access food from all of these sources, and stores such as Carrefour act as wholesale retailers for smaller shops.

The research on Gulf-investment in supermarkets revealed the role of the Egyptian military in the operations of supermarket chains. This is an example of the tendency of high-ranking officers to capitalise upon their influence and act as gatekeepers to the Egyptian economy. The importance of the military also derives from its control over land, and although this is an opaque subject, this is a characteristic that is important to supermarket investments.

Gulf capital's introduction of Western brands has played a role in changing consumer tastes and practices in Egypt. Over time, Gulf-owned supermarket chains and fast food brands formed a central part of the landscape of the new suburbs that were constructed around Cairo. As a result, they represented symbols that form a part of the lifestyles afforded by Egypt's affluent classes, and aspired to by others. The entrance of these brands into the Egyptian market was accompanied by a campaign of marketing and advertising, which created a demand for their products. These strategies stratified Egyptian consumers on the basis of class and targeted them with products of differing quality, a demonstration of the bifurcation of diet within the corporate system.

Chapter Six considered the significance of this influence over Egyptian culture and proposed that in light of the rising economic and political power of the Gulf states in Egypt, this type of influence constitutes a form of hegemony on behalf of the GCC. The modality of this hegemony requires further research, but within the agribusiness and food sector there are indicators of a hegemonic influence. However this is a contradictory process. It is possible that many Egyptian consumers do not associate these brands with the Gulf states but rather with the West, thus undermining their role in projecting the Gulf's image in Egypt. Moreover consumer tastes are capricious, and there appears to be an emerging demand for "local" products, which conflict with Western brands. In light of this any hegemony that has been accumulated by the Gulf as a result of their investments may be ephemeral.

This research also identified the influence over food prices held by supermarkets such as Carrefour. This grants these companies leverage, and the agribusiness sector is pushing to utilise this influence by securing government commitment in the form of building licenses, and bureaucratic compliance with the opening of new supermarkets. Corporate food retail is essential to other forms of corporate food production as it expands their market in a manner that would be more limited in other forms of provisioning. This leverage over food prices held by supermarkets and corporate food production could possibly be expanded in the future, and there is some interest within agribusiness companies in penetrating production of the food subsidy system. This is just one example of the possibility that the corporate system may be expanded, and the manner that other systems of food represent potential markets that could be opened for further accumulation.

While the previous chapters illustrated the creation of new spaces of production, Chapter Six analysed the emergence of scales of consumption. Gulf capital has intensified corporate food retail to Egypt's urban environment, and it is also expanding these forms of consumption into rural areas. Its logistical operations are linking these spaces with the spaces of production. Moreover corporate food owned by Gulf capital is also at the forefront of attempts to expand into new classes and subsume other forms of production.

7.3 Broader concluding remarks and implications

How corporate is the food system?

There is a tension between the corporate food regime and other food systems in Egypt. Although corporations control large shares of the food commodities market as well as the resources required for their production, this cohabits with a food system that is controlled by the state. However the state system is being subordinated by the corporate regime. As was illustrated in previous chapters, private capital’s dominance is indicated by the acquisition of shares in state-owned food companies, and this is a process that may be intensified in future years. Given the endurance of the state system and the dependency on food subsidies amongst large sections of the population, the corporate regime has not remedied food insecurity. With this in mind, a inference that can be made from the presence of the state-controlled system is that beyond Western Europe and the US, the third food regime is more diverse in terms of its modalities and forms of state intervention.

In addition to the state system, there is also a tension between the corporate system and the informal agricultural economy, a term used here to describe the very large and opaque area of production that falls between that of the state and corporations. The term informal here is problematic considering that this tier of production is responsible for the production of a significant quantity of commodities, which feature their own supply chains and forms of distribution. Moreover, considering that this sub-sector of food and agriculture employs millions of people, the term informal does not encapsulate its value and importance within Egypt. Although as has been briefly discussed within the thesis, the state does not prioritise this tier of production, especially at the smallholder level and therefore the term informal has some accuracy. Regardless, corporate food depends on this sphere, both as a market for its products and as a source for its supply chains. This was illuminated by Dixon, who gave the example of corporate producers' reliance on distribution through street kiosks and their sale to smaller poultry retailers (2013a).

The role of NGOs

One of the areas that was included within the frame of analysis of this thesis was the role of international NGOs. The decision to include NGOS within this frame was based on the expectation that these institutions would be a source of information and insight on the state of agriculture and agribusiness in Egypt. In terms of the specific role of the GCC states in forming the corporate food system in Egypt the involvement of NGOs is minimal, simply because there are very few NGOs that originate from the Gulf countries. This is excluding the role of Gulf aid and also the financing of research institutions and think tanks that have highlighted the food insecurity of the Gulf states, as was described in Chapter Four. On a more general level many international NGOs and IFIs that are funded by Western countries have played an important role in advocating policies that have constructed the corporate food system in Egypt and these organisations have benefited Gulf capital by creating the conditions of accumulation in Egypt. One of the most consequential strategies has been to argue that small farmers can improve their standard of living through “access to the market”, facilitating their entry into the agribusiness supply chain. For example, one project which was undertaken by United Nations Development Programme with funding from the Spanish government aimed at creating “viable equitable partnerships between small farmers and private sector investors” in Upper Egypt (UNDP, 2016). These types of programmes have played a role in encouraging the logic that the market can act as an agent of development within rural communities in Egypt. Another strategy that enforces this logic is the provision of microfinance in Egypt, which encourages competitive participation in the market among small farmers (Malak and Salem, 2017).

The role of NGOs in the construction of a corporate food system in which Gulf capital is heavily invested, is an indicator of the importance of Western institutions in applying policies that are of benefit to accumulation of capital in general. This is a topic that would be a potential area of future research and while there is evidence of NGOs pursuing strategies that encourage market integration they are not necessarily uniform in this characteristic.

How does Gulf capital compare to other capitals?

What comparative remarks can be made about other capitals that have constructed the corporate system? European multinationals such as Danone and Heinz have also invested in Egyptian agribusiness and some of these companies control large market shares. European states also import horticultural products from Egypt, and this has provided a market for large Egyptian companies. With this considered, why does this relationship not also constitute part of a region within the corporate food regime? A primary difference between European and Gulf agribusiness capital is that European companies have a more global presence, and Egypt constitutes a small market for these firms, given that they have invested in multiple countries in the Global South. By comparison, for many Gulf agribusiness conglomerates, Egypt is one of the biggest markets outside of the Gulf Cooperation Council (GCC) states and is a source of significant revenue.

There are also other distinctions between Gulf and European capital. European capital is reliant on institutional relations in the form of state-state agreements such as Euro-Mediterranean Free Trade Area (Euromed). Such free trade agreements open the Egyptian market to European capital and commodities, and have established a framework for the accumulation of European capital across the Mediterranean region. In comparison, Gulf capital's institutional relation is more inconspicuous, and the role of the Gulf states in securing the conditions for accumulation through agreements, and other arrangements, is less clear. The Gulf states have political influence in Egypt as a result of aid transfers, but the relation of this to the interests of GCC businesses is opaque.

However, although it is less clearly defined in an institutional form, the social relations of the Gulf-Egypt region is formed on a pivotal alliance between Gulf capital and the Egyptian elite, which is not matched by European capital. In addition to close coordination with the Egyptian state, this alliance has been formed as a result of enduring partnerships between capitalists in both countries. As an indicator of the power of this political fulcrum, European corporates such as Heinz and Carrefour have sought to partner with Gulf companies due to their ability to act as a local partner, which can allow them to operate in the Egyptian market.

Another distinction is that European capital is less embedded into the Egyptian system and multinationals have only invested in the agro-industrial sector. For example, no European companies have acquired land on reclamation projects, although Egyptian companies that export to European markets are present on these projects. This is possibly due to the fact that Gulf capital seeks direct control of land. This may be because of the food security rhetoric that has created a policy atmosphere that legitimise such investments. It may also be because European companies are more comfortable with their reliance on the market as a mechanism for the acquisition of import commodities. European companies are also subject to higher levels of regulation, and are therefore less free to enter relationships with parts of the Egyptian state such as the military, especially in cases that involve overt corruption and bribery. Moreover the political overtone of Al-Waleed bin Talal’s investment in Toshka that was discussed in Chapter Four would be of little advantage to European agribusiness corporates.

However, the technology and practices that define the corporate food regime originate in Europe and the US, and GCC investors have relayed these into Egypt. This process is exemplified by Gulf capital's acquisition of animal breeds, technologies, and Western brands such as Carrefour and KFC. This is representative of a multipolar system of global capitals that has internationalised uniform agribusiness and food practices leading to an increasingly homogeneous global diet. It also illustrates that these new regions have entrenched dependency on those multinational companies that operate at the global scale. These Western multinationals retain the technology that lies behind the corporate food regime, such as seeds and chemicals. Multinationals such as Bayer, Dupont and Monsanto have a monopoly over such products and therefore will remain global catalysts within the food system.

A wider Gulf-Middle East region?

This thesis has submitted that the Gulf-Egypt relationship constitutes a region in the corporate food regime. But how will this include other countries in the Middle East, and what are its prospects for future expansion? Other non-Gulf countries in the Arab region and the Middle East have been absorbed into the capital circuits of Gulf-owned food conglomerates. Savola and Americana are active across the region, both in terms of exporting commodities and establishing productive operations. Smaller domestic producers in these countries are becoming subsumed by Gulf conglomerates as they cannot produce on the same scale, and have not internationalised to the same extent. Perhaps most importantly, most Arab countries do not have the same agro-ecological diversity, and do not have an integrated national agriculture on the same scale as Egypt. Moreover the political turmoil that erupted following 2011 has limited agro-industrial expansion in many Arab states. The market in Syria and Libya has contracted significantly as a result of civil conflicts. Another limitation is the fact that countries such as Lebanon and Jordan constitute small markets as a result of their demographics. Other larger states such as Iran and Algeria have substantial populations but foreign investment in these countries for Gulf capital is more complex than Egypt. Iran is not politically amenable to Gulf investment and Algeria is an unliberalised economy.[136]

With these limitations considered, the role of Egypt as a central strategic state in a regional corporate food system that is dominated by the Gulf becomes more apparent. Few countries in the region offer the demographic size, scale of land and water resources, cheap labour, and relative political stability that can allow the intensive accumulation of Gulf capital in the agriculture and food sector. With this in mind there is increasing incentive for heightened internationalisation into the sector, and the development of Egypt into an industrial agribusiness producer for the entire region. Some of this production will also be undertaken in the Gulf, as is the case in the dairy industry that has been

[136] Despite this it should be noted that Savola has invested in both of these countries.

established by Al Marai in Saudi Arabia. The Gulf states ability to access new sources of cheap labour in Asia and other Global South states will facilitate further development of this agro-industry. However Egypt will remain an important source of raw inputs for this industry, primarily due to the country's proximity to Gulf markets.

Another potential area of expansion, both in terms of production and consumer markets, is sub-Saharan Africa. The investment strategy of private equity firm Qalaa Capital in East African countries such as Kenya, has given an insight into the role that Egypt could play as a route for Gulf capital into Africa. This has also been indicated by the activities of Gulf investors in other Nile basin countries such as Sudan and Ethiopia, who have sought to establish agribusiness farms and processors in these states. However so far there is little sign that Gulf conglomerates can obtain the same position that they have in Egypt, or other states in the Middle East. The first stage of such a plan would be the establishment of infrastructure through the Nile Valley and this would depend on overcoming the geographies and politics of Sudan and South Sudan. So far any plans for such a scheme have not come to fruition.[137] Although this would be a logical step for Gulf conglomerates, it is also possible that they would struggle to obtain the kind of political alliance they have in Egypt, which has provided the conditions for accumulation.

7.4 Other implications

[137] One project that would facilitate transport infrastructure through Sudan is Agrogate, which involved the construction of a new road between Egypt and Sudan and the development of two million feddans of agricultural land as well as a free zone and mining operations (Abdelaziz, 2013). However so far the project has not broken ground.

Given that Gulf capital is heavily invested in Egypt's food and agriculture as well as other sectors such as real estate and finance, how do these interests manifest themselves in the foreign policy of the Gulf states? During the course of my research in 2013 I spent several weeks in the UAE and Qatar conducting research on this question, but was frustrated by the lack of transparency and opaque nature of policy making. Many interviewees considered it likely that the commercial interests of the biggest Gulf capitalists were represented in their country's foreign policy, although others considered formal foreign policy to be slow-paced and unconcerned with commercial interests. Recent aid and investment packages that have been granted to Egypt by the UAE and Saudi Arabia do appear to be attached to commercial conditions, although these are hard to discern. This is an relationship that could change in the future and is a potential topic of future research.

One explanation to this question can be found within a Marxian understanding of the state, one which defines the state as an "institutional relation of class" that holds little autonomy (Hanieh, 2011: 14). This is particularly pertinent given that the Gulf companies invested in Egypt's food and agriculture sector are often owned by members of the ruling families, or capitalists who have acted as partners and significant constituents of the region's monarchies. As a result, a methodology based on the assumption of a dichotomous relationship between foreign policy and commercial interests is erroneous. This is enforced by the cases that have been outlined in this thesis. As an example, Al-Waleed bin Talal's investment in Toshka was a result of a direct relationship between himself and Mubarak, and did not take place through the formal channels of the two countries' foreign ministries. Arguably his investment in Toshka constituted a form of foreign diplomacy, given the importance of the project to Mubarak.

Another question that arose during this research that extends beyond food and agriculture is the nature of neoliberalism and the state in Egypt. This thesis has been careful to avoid a simplistic depiction of the state retreating from the economy, and it has emphasised that the state plays a central role through its mediation. What is clear is that the state has retreated from its social management of the agrarian economy, a process best demonstrated by policies such as the removal of rent controls for tenant farmers that was encapsulated in Law 96. However in terms of private capital the state remains a vital actor, and a striking aspect of Gulf investment in the sector has been its reliance on the state's intervention in all stages of the supply chain.

This continued role of the state concurs with understandings of neoliberalism that portray the state as a central actor, and not oppositional to the market (Baylis et al, 2013). State intervention continues but it has been transformed to prioritise the accumulation of private capital. Moreover its social intervention has also continued in some forms, especially those that ensure the reproduction of conditions required for accumulation. Egypt's food subsidy system allows the state to manage political stability amid growing levels of poverty and deprivation, which have been a consequence of neoliberal accumulation. The food subsidy system facilitates the reproduction of labour, and allows the state to compensate for the food insecurity caused by the erosion in self-sufficiency, which has been a result of its declining support for smallholder farmers.

In a related point, the corporate food system is historically evolved, and it was founded on a state system of food provisioning. The depiction of the state's food subsidy system as ineffectual should not overshadow the fact that it remains a vital source of food for millions of Egyptians, the considerable inefficiencies that it incorporates notwithstanding. This is a reality that should be reiterated in light of the policy recommendations that apply further privatisations and free market reforms. The increasing budget deficit of the Egyptian state is leading to calls for continued cuts to the food subsidy system and other forms of social expenditure. This appears to be a prescription which would result in starvation and widespread instability.

7.5 Conclusion

At this point I will return to the issue that was raised at the beginning of this thesis. Given that Egypt is a country with a rich agricultural sector that employs millions of people, why is food insecurity and malnutrition a persistent problem? This thesis has responded to this question by drawing attention to the transformation that has taken place in Egypt's food and agriculture sector since the 1990s, one that is manifest in the formation of the Gulf-Egypt region. Through direct investment and financial markets, Gulf capital has internationalised into Egypt, resulting in the absorption of Egypt's agricultural production into Gulf capital's circuits of accumulation. While the companies that dominate these circuits may only account for a minority of Egypt's agricultural production, they have been granted disproportionate access to resources, and have defined the provision of its commodities on the basis of class. The scalar nature of this region has created new spaces of production and consumption in Egypt that have heightened accumulation, and intensified the extraction of value.

As a result of these scales of space the use value of food has been obscured. Farmers and workers produce food they do not eat, and the value of the food that they produce is not defined by their labour or skill. Rather value is defined elsewhere in the supply chain; through the application of technology that creates the appearance of modernity and safety, through the transport to places of consumption, and through processing into other forms of commodities. At the centre of this process is corporate food's ability to link these spaces of production and consumption, and this is embodied in the Gulf-Egypt region. As was noted by van der Ploeg: “exchange value resides in, and is created through, the combination and reproduction of places of wealth and places of poverty,” (van der Ploeg, 2008: 25). As a result, food insecurity, and poverty, is innate to the Gulf-Egypt region as it is founded on the extraction of value through these scales. As a result, this momentary space in the corporate food system is a place of deprivation and plenty, malnutrition and obesity, repression and revolt.

8. Annex

Table One: Gulf investments in the Egyptian stock market

Name of company	**Date listed on Egyptian bourse**	**Gulf shareholding**
Ajwa for Food Industries Ajwa owns frozen vegetable and cooking oil factories.	1995	The majority shareholder is Saudi businessman Mohammed bin Issa Al-Jaber who owns 61.62% of the company.
Mansourah Poultry	1995	Mansourah's largest shareholder is Sharkia National Company for Food Security (see below).
Sharkia National Company for Food Security (SNCFS) The company produces livestock feed	1995	SNCFS is partly owned by a Saudi national, Nawaf Abdullah bin Dayel who owns 19.22% of the company.
Ismailia Misr Poultry The company describes itself as the largest integrated company in Egypt and it is estimated to control about 20% of the market	1995	The majority shareholder is Dallah Al Baraka Group, owned by Jeddah businessman Kamel Abdullah Saleh and his family.

Upper Egypt Flour Mill	1996	Upper Egypt Flour Mills is partly owned by regional private equity company Amwal Al Khaleej, through its Arab Cotton Ginning subsidiary, which owns 9.98%. The majority shareholder is the government-owned food industries company.
East Delta Flour Mills The company produces 1 million tonnes of grain a year	1996	Saudi businessman Mohammed Al-Rajhi owns 10% of the company.
Cairo Poultry Company (CPC) CPC is one of the largest poultry companies in Egypt	1996	The majority shareholder is the Kharafi family.
Egyptian Starch and Glucose	1996	Through its subsidiaries, Americana, the food conglomerate owned by the Kharafi Group, owns more than 90% of the company.
Arab Dairy Company	2001	Arab Dairy Company was owned by the family of Kamal Adham, the former head of Saudi state security, until it was sold in March 2015. The company is now owned by Pioneer

		Holdings, a a fund that is based in Egypt which includes Saudi investors.
National Company for Maize Products (NCMP)	2006	NCMP is partly owned by Abu Dhabi Islamic Bank, which owns 5.03% of the company.
Ismailia National Food Industries (INFI)	2010	The majority shareholder of INFI is Faisal Islamic Bank of Egypt is owned by Saudi prince Mohammed Faisal Al-Saud
Juhayna	2010	Around 25% of Juhayna is owned by Saudi investors
Univert Produces a range of food products	2011	Univert’s majority shareholder is UAE company Al-Samh
Atlas For Land Reclamation and Agricultural Processing	2012	A minority shareholder in Atlas is Misr Financial Investments Company, which is owned by a number of banks including Ahli United Bank in Bahrain. Private equity company Qalaa also owned a stake in the company.
Domty Dairy products	2016	Domty is partly owned by Saudi businessman Yehya Bin Laden.

Source: Zawya; The Egyptian Exchange

Table Two: Gulf investments in private equity

Private equity company	Investment
Gozour is the agribusiness holding company of Qalaa Holdings, formerly known as Citadel Capital. Qalaa is based in Cairo The company features a number of Gulf investors including members of the Abu Dhabi royal family and the Saudi Olayan business family	Gozour has owned a number of agribusiness assets including shares in National Company for Maize Products and Rashidi El-Mizan. The company also owns Dina Farms, a dairy and supermarket company and Enjoy. The company has also owned a share in El-Misriyyeen.
EFG Hermes has owned a number of agribusiness companies through its fund Horus Food and and Agribusiness which featured a number of Gulf businesses and Gamal Mubarak as a shareholder. EFG is based in Egypt	As of 2009 the fund invested 57% of its capital in four companies, among them Wadi Foods, El-Misriyyeen and Edita Food Industries.
Abraaj Capital is based in the UAE and has a number of influential Gulf shareholders	Abraaj owns shares in Spinneys Supermarket and Agrocorp
Amwal Al Khaleej is based in Dubai which owns shares in Upper Egypt Flour Mills	Amwal owns shares in Upper Egypt Flour Mill, which is listed on the Egyptian stock exchange
Growth Gate Capital is based in Dubai	International Food and Consumable Goods

Pioneer Holdings – based in Egypt with Saudi investors	In 2015 the company acquired Arab Dairy Company

Sources: Zawya; Qalaa Holdings; 4 Traders

Table three: Gulf investments in land reclamation projects

Name of company	Nationality	Location	Size
Jenaan Jenaan has a contract with Abu Dhabi Food Control Authority and supplies the Abu Dhabi government directly. It has a capital of more than US $1 billion and has operations in Sudan, Ethiopia, Spain and elsewhere (Business Network Radio, 2014). Part of its contract included a deal with Egypt Air to operate a weekly flight to Sharq El Oweinat's airport in order to transport workers and employees (MEED, 2009).	Abu Dhabi - UAE	Sharq El Oweinat	35,000 acres of a total 259,000 acres

Al Dahra's Egyptian subsidiary Navigator Investments, was bought by Al Dahra in 2007 "in collaboration with the governments of the UAE and Egypt" (Al Dahra, 2013). Al Dahra is owned by Sheikh Hamdan bin Zayed Al Nahvan.	Abu Dhabi - UAE	Sharq El Oweinat Al Salhiya Nubariya Toshka	23,500 acres of a total of 259,000 acres 3000 acres 202 acres 120,000 acres of a total 661.000 acres
Kingdom Agriculture Development Company (KADCO) KADCO is owned by Al-Waleed bin Talal Al-Saudi	Saudi Arabia	Toshka	26,000 acres of a total of 661.000 acres
Al Rajhi International Investments is owned by Sulaiman Abdul Aziz Al Raihi and his sons.	Saudi Arabia	Toshka	103,784 acres of a total of 661.000 acres
Jannat Agriculture Development Company (Egyptian subsidiary Al Rakha Company) The chairman of Jannat is Mohammed Al-Raihi. the	Saudi Arabia	Sharq El Oweinat	10,000 acres of a total of 259.000 acres

brother of Suleiman. Jannat is owned by four agricultural companies that are listed on the Saudi stock market; Jazan Development Company, Al Jouf Agricultural Development Company, Wafrah for Industry and Development and Al-Marai (Zawya, 2014).			
Al Lehaa	Saudi Arabia	Toshka (or in vicinity)	Figures on the size of the farm are unavailable. According to one interviewee Lehaa mostly exports potatoes and exports around 3 million tonnes of the crop a year.
Aqeel Group (Egyptian subsidiary East Oweinat for Investment)	Saudi Arabia	Sharq El Oweinat	20,000 acres of a total of 259,000 acres
National Agricultural Development Company	Saudi Arabia	Toshka	77,850 acres on a total of 661,000 acres

Americana Land reclamation subsidiaries: Americana for Land Reclamation and Cultivation Company Karwin for Land Reclamation Company Al Hashimiya for Land Reclamation and Cultivation Company	Kuwait	N/A	6900 acres
Savola Land reclamation subsidiary: Alexandria United Company for Land Reclamation	Saudi Arabia	Abu Qurqas, Minya Governate	
Juhayna Land reclamation subsidiaries: Enmaa Livestock Company and Enmaa	Egyptian, with minority Saudi investors	Bahariya Oasis	8000 feddans

Company for Agriculture Cultivation			

Sources: Zawya, Kadco, Juhayna

Table Four: Gulf investment in agro-processing

Company and ownership	Nationality of shareholders	Product	Size and market share
Savola Subsidiaries include: Afia International Alexandria Sugar Company United Sugar Company El Maleka El Farash	Saudi	Cooking oil Sugar Pasta	The company has 29% market share of cooking oil. Savola owns two of three private sugar refineries in Egypt. Savola's two pasta subsidiaries control 60% of the Egyptian market.
Ajwa - Mohammed bin Issa Al-Jaber	Saudi	Cooking oil Frozen vegetable Pasta	Ajwa's frozen vegetable subsidiary produces 18,000 tonnes of frozen vegetables a year.
Arma - Hayel Saeed Anam Group	Yemeni	Cooking oil	65% market share of the corn oil market and 72% market share of the sunflower oil market

Americana - Kharafi Group Subsidiaries include: Farm Frite Senyorita Group Egyptian Starch and Glucose Company	Kuwaiti	Frozen chips Biscuits and snacks Starch, syrup and animal feed	The frozen chip subsidiary has 90% of the Egyptian market Its snacks subsidiary recorded sales of EGP 1.2 billion in 2014
Upper Egypt Flour Mills - 10% owned by Arab Cotton Ginning, which is partly owned by Amwal Al Khaleej a Saudi private equity company.	Saudi Arabia	Flour	
East Delta Flour Mills - 10% owned by Mohammed Al-Rajhi	Saudi Arabia	Flour	
Gozour - Qalaa Capital Subsidiaries include: National Company for Maize Products Mom's Food	GCC and Egyptian	Processed food and snacks Starch and syrup	Rashidi El-Mizan's halawa and tahina products have Egyptian market shares of 59% and 68%, as well as a 15% share of the national jams market

Univert - Around 50% is owned by Al Sameh Trading Company	UAE and Saudi Arabia	Pasta Baby food Flour	
Agthia	UAE	Tomato paste	Currently unclear if this plant is operating
Al Wadi Group Subsidiaries include: Mazareh Nile Stevedoring Tawseel	Egypt and GCC		Gamal Mubarak was an investor in a fund that acquired shares in Al Wadi Group

Sources: Zawya, Al Wadi Group, Americana 2012

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