Privatizing Public Sector Companies for Maritime Transport: Assessing the Egyptian Experiment

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〈Abstract〉

This paper aims at assessing the Egyptian experiment in privatising public sector companies for maritime transport through: first, reviewing the economic thought regarding privatisation and the history of Egyptian public sector; second, researching the role of IMF and the WB programs in privatising public sector in Egypt and developing countries; third, assessing the Egyptian experiment in privatising maritime transport companies which are the Alexandria shipping agencies company and the Arab United stevedoring company.

Key Words : Privatisation, Deregulation, Public Sector, Maritime Transport Companies, International Monetary Fund, World Bank, and Developing Countries.

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I. Introduction

One of the results of the Great Depression experience (1929-1933) was the Keynesian thought that concluded that governmental intervention in economic activity was a necessity. Since then, the Keynesians have embraced the conviction that the success of economic development depends on the intervention of government in the economic activity through ownership of public projects.

Thus, classical economic thought, resting upon the concept of a guardian government that does not interfere in economic activity, has made the way to Keynesian thought in both developed and developing countries.

Time passed, and what has been a constant idea in the past fell under suspicion today. Since the era of Reagan in the USA, and Thatcher in the UK, a trend toward privatization of public projects has been widespread worldwide, in response to the monetary school adopting the neo-classical approach.

Egypt has not been isolated from what happens in the world. The winds of privatization that have spread all over the world have had been felt in Egypt, which has adopted what is called “the Economic Reform Program”. In its core, this program is an embodiment of the stabilization and structural adjustment programs supported by the International Monetary Fund and The World Bank. The purpose of these two programs is to realize certain objectives including the privatization of the public sector companies that comprise some firms working in the field of maritime transport.

In response to the stabilization and structural adjustment programs, and under the pressure of lobbies aiming at accelerating the privatization of maritime transport companies especially shipping agencies and stevedoring companies the Government of Egypt has transferred the ownership of a number of public sector companies for maritime transport to private ownership.

Arguments, or accurately great clamor and fuss, have sprung up over the issue of privatization of such companies. Both the public and the elites have been divided between advocates and opponents, without a real awareness by some of them at the essence of the issue. Many justifications have been proposed for privatization of the Egyptian companies. Has privatization of maritime transport companies achieved the desired objectives?