



POTENTIAL OF INDIAN EXPORTS TO EGYPT IN THE CONTEXT OF GLOBAL ECONOMIC SCENARIO

Dr T D Verma

Associate Professor of Commerce
Govt. College Rampur Bushahr HP 1720001

Abstract: The relations between India and Egypt have been historical based on ancient civilizations. India sees Egypt as a moderate, friendly voice in the Islamic world to resolve common issues of mutual concerns and interest. New business opportunities lie ahead for the two Global South partners in the emerging changing economic and geo-political scenario. Recent visit of president of Egypt in New Delhi has added new dynamics to bilateral relationship to a strategic partnership. The strategic partnership will have broadly four elements such as political, defense and security, economic engagement, scientific and academic collaboration, cultural and people to people contacts. As such an export is one of the main engines of growth and employment generation to leverage benefits of demographic dividend. Therefore, an attempt has been made in this paper to explore possibilities of exploiting growing potential of augmenting exports to Egypt to realize target of at least US \$ 1 trillion Indian merchandise exports to world to become US \$ 5 trillion economy in this decade.

Keywords ancient civilization, strategic partnership, demographic dividend, bilateral trade, dynamics, global south.

1. Introduction

India's Africa policy over the past few decades has oscillated between passive and a reluctantly reactive one at best. Strategic apathy towards the African continent was obvious on many fronts. Not only did countries in Africa not feature in New Delhi's larger foreign policy matrix, until recently there was not any significant attention paid to the continent. Indian leaders seldom travelled to African nations and very rarely did they feature in conversations surrounding New Delhi's foreign policy ambitions. The narrative of India's contemporary relationship with Africa is dominated by the historicity of their interactions, the centuries old trade partnerships, socio-cultural linkages built by a thriving diaspora, solidarity and support during Nehruvian era for anti-colonial, anti-racism and anti-apartheid struggles of African peoples and the shifting geopolitical tides with the Non-Alignment Movement (NAM).

The fact remains that India and Africa constitute one-third of the world population. A large number of them are in their youth. Indeed, India and Africa ought to have a significant part of the global youth population in this century. Their future is likely to shape the future course of this world to a great extent. Africa's development is a huge opportunity for India, just as Africa's resources, including oil and minerals, power India's economic growth and create wealth and jobs in Africa. The continent's progress has the ability to add great stability and momentum to the global economy and benefit India as well.

Since 2010, more than 25,000 Africans have been trained or educated in India. The Pan Africa e-network, which now connects 48 African countries, is becoming the new highway of regional connectivity and human development. India has emerged as a major and rapidly growing source of foreign direct investment (FDI) in Africa. Indian tourist flow to Africa has also increased.

India-Africa relations are enjoying an unprecedented renaissance, founded on shared economic interests and longstanding historical ties. Two-way trade has grown from \$5.3 billion in 2001 to some \$70 billion in 2013,

through it still remains much below China trade with the container (which stands at over \$200 billion). Technical cooperation and training are set to further expand the ambit of shared interests. For the African Union (AU) and its 54 member states, the Third India-Africa Forum Summit (IAFS) in October 2015 was a powerful message of New Delhi's commitment to promote closer economic ties, reflecting the priority accorded to African by the government of Prime Minister Narendra Modi and its commitment to build on the development affinities between the two regions.

In the past few years, a combination of factors have infused energy in this otherwise jaded relationship. Most important is the economic growth of the continent that was estimated to be 3.2 per cent in 2018. Africa also houses six of the world's fastest growing economies-the World Bank estimates will grow at 8.2 per cent, Ghana 8.3 per cent, Cote d'Ivoire 7.2 per cent, Djibouti 7 per cent, Senegal 6.9, and Tanzania 6.8 per cent in 2018.

There are numerous undertaken by India to improve and facilities economic ties between the two regions. 'Focus Africa' programme was launched by the Government of India (GOI) in 2002 in order to strengthen trade ties between the two continents; and to jointly identify areas of engagement for bilateral trade and investments.

India-Africa Forum Summit, a major initiative by India has been result of such efforts. The Summit brought over 45 Africa together with India to strengthen the friendship and engagement between the two regions.

In 2009, India launched the Pan African e-Network Project (PAENP), conceived by former President of India, A P J Abdul Kalam. The project, with a budget of approximately US\$125 million, is entirely funded by India and aims to provide satellite connectivity, tele-education and tele-medicine services to the African countries. It also supports e-Commerce, e-Governance, infotainment, resource mapping and various other services. The project has presently been commissioned in 47 countries.

Between 2005-06 and 2015-2016, total trade between India and Africa increased five-fold and stood at \$52 billion by March 2017. Alternatively, India's exports to Africa went up from \$14 billion in 2008 to \$23 billion in 2017 – CAGR of whopping 5.6 per cent. On the import side, the figure was \$20 billion and \$28 billion during the same period.

The favorite export destination for India remains South Africa - \$3.5 Billion accounting for nearly 16% of India's total exports to Africa as of March 2017. Other major export partners have been Kenya, Egypt, Tanzania and Nigeria.

During the period 1996-2016, cumulative Indian Investments in Africa amounted to \$54 billion, led by Mauritius followed by Mozambique, Sudan, Egypt and South Africa.

India-Africa Forum Summits (IAFS) have forged ties with 55 Africa states through the AU. This has provided a major platform for India including its private sector companies to forge multiple level relationships in these African nations. The figure of Indo-African trade stood at record high of \$75 billion in 2015.

During the IAFS of 2015, held at New Delhi, the Modi government announced \$10 billion concessional grant to African states for the next five years. Consequently, the number of Indian businesses registered in Africa moved several notches up and also the country opened the duty-free access to 34 African states for the Indian markets. India's cumulative investment in Africa is estimated at \$50 billion- considered to be more than China's.

The history of contacts between India and Egypt, two of the world's oldest civilizations, can be traced back to at least the time of Emperor Asoka. In modern times, Mahatma Gandhi and the Egyptian revolutionary Saad Zaghloul shared common goals on independence from British colonial rule and the nations made a joint announcement of establishment of diplomatic relations at the ambassadorial level three days after India became free. Prime Minister Jawaharlal Nehru was a close friend of president Gamal Abdel Nasser and India and Egypt signed a friendship treaty in 1955. In 1961, Nehru and Nasser, along with Yugoslavia's president Josip Broz Tito, Indonesia's president Sukarano and Ghana's president Kwame Nkrumah, established the Non-Alignment Movement.

Prime Minister Rajiv Gandhi, P V Narasimha Rao, I K Gujral and Dr Manmohan Singh visited Egypt in 1985, 1995, 1997 and 2009 (NAM Summit) respectively and Egypt's president Hosani Mubarak came to India in 1982, 1983 (NAM Summit) and 2008. After the 2011 revolution, president Mohamed Morasi visited India in March 2013. President Sisi was part of the coup d'etat in which Morsi was ousted. In 2014, then Field Marsahl Sisi –a former military chief- contested elections against a lone opponent and won with 97 per cent votes in his favour. External Affairs Minister Sushma Swaraj visited Cairo in August 2015, a little over a year after Sisi took charge in June 2014.

PM Modi met Sisi on the sidelines of the United Nations General Assembly in September 2015, and the Egyptian leader paid a State visit to India in September 2016. The joint statement identified political-security cooperation, economic engagement and scientific collaboration, and cultural and people ties as the basis of a new partnership for a new era.

This is Sisi's third visit to India; Modi's planned visit to Egypt in 2020 was disrupted by the Covid-19 pandemic. The two leaders spoke by phone in April that year to discuss efforts to halt the spread of the virus,

and again to exchange Eid-ul-Fitr greetings. Sisi expressed sympathy and solidarity with Indi during the deadly second wave in April-May 2021, and Egypt sent medical supplies.

Egypt's economy has been in shambles over the past few years. It was battered by the collapse of tourism during the pandemic, and the Russia-Ukraine war has impacted its supply of food- almost 80 per cent of Egypt's grain came from these two countries-and hit its foreign exchange reserves. Despite restrictions on the export of wheat, India had last year allowed shipments of 61,500 metric tonnes to Egypt. But the country needs more.

Inflation is at a five- year high of 21 per cent. Egypt has approached the International Monetary Fund (IMF) for the fourth time in six years for a bailout. It received a \$12 billion IMF loan in 2016, and has also got budgetary support of about \$8 billion from Saudi Arabia and the UAE.

From India, Egypt has sought investments in infrastructures-Metro projects in Cairo and Alexandria, a Suez Canal, and a new administrative capital in a suburb. More than 50 Indian companies have invested more than \$3.15 billion in Egypt.

China's trade with Egypt is currently at \$15 billion, double that of India's \$7.26 billion in 2021-22. Sisi has been wooing Chinese Investments, and has travelled to China as many as seven times in the last eight years.

Egypt, the most populous country in West Asia, occupies a crucial geo-strategic location-12 per cent of global trade passes through the Suez Canal- and is a key player in the region. It is a major market for India and can act as a gateway to both Europe and Africa. It also has bilateral trade pacts with important West Asian and African nations.

More than six decades ago, the two countries founded the NAM. They now have an opportunity to forge a new path ahead, not just for their strategic and economic interests, but as the voice of the Global South.

2.1 Need of the Study

Both countries have world's ancient civilizations, multifaceted relations and completed 75 years of diplomatic ties in this year. President of Egypt was chief guest on 74th Republic Day. His Excellency visit provided impetus to promote bilateral relations in the era of changing global order. India is one of the Egypt's largest trading partners, with bilateral trade reaching US \$ 7.26 billion in 2021-22 and a strong choice for integrating global supply chain. We are targeting US \$ 2 trillion in exports by 2030, equally divided into merchandise and services. Therefore, an attempt has been made in this paper to explore possibilities of harnessing emerging potentials of boosting exports to the Egypt in the wake of global economic uncertainties especially Ukraine-Russia war.

2.2 Scope of the Study

The study was confined to cover only trade relations of India and Egypt in respect of period of pre covid-19 and post pandemic from 2011-12 to 2021-22. The top ten merchandise of trade for the analysis of composition for the period 2020-21 and 2021-22 were taken into consideration.

2.3 Objectives

- 1 .To study share of Egypt in India's trade and growth of bilateral trade.
2. To analyse balance of trade.
3. To evaluate composition of trade to explore potential of exports.

2.4 Research Methodology

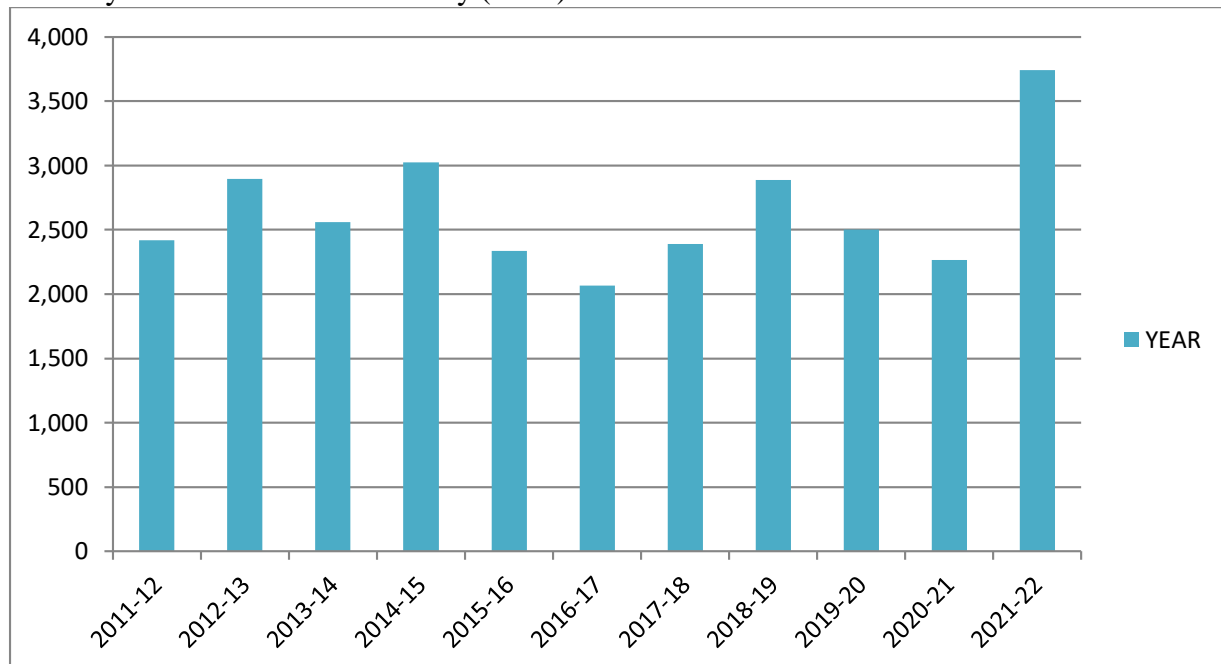
The secondary data have been analysed with the help of simple percentage, ratio analysis methods and graphs.

Table 1 India's Export to Egypt (US \$ Million)

Sr. No.	Year	US \$ Million	% Share	% Growth
1	2011-12	2,421	0.7916	22.17
2	2012-13	2,897	0.9645	19.63
3	2013-14	2,562	0.8149	-11.57
4	2014-15	3,025	0.9749	18.09

5	2015-16	2,337	0.8913	-22.74
6	2016-17	2,067	0.7494	-11.56
7	2017-18	2,392	0.7882	15.72
8	2018-19	2,886	0.8745	20.65
9	2019-20	2,504	0.7992	-13.24
10	2020-21	2,264	0.7760	-9.58
11	2021-22	3,743	0.8872	65.34

Source: Ministry of Commerce and Industry (India)

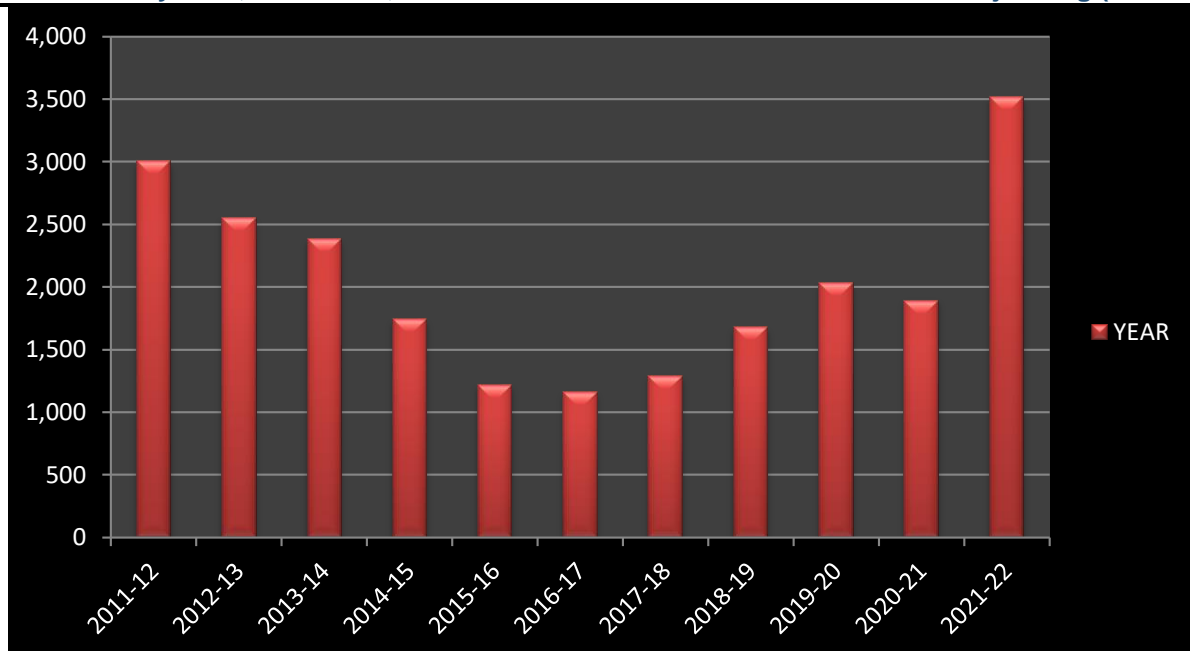


Egypt has less than 1% share in our total exports. The biggest growth recorded in 2021-22 as against the year on year basis.

Table 2 India's Import from Egypt (US \$ Million)

Sr. No.	Year	US \$ Million	% Share	% Growth
1	2011-12	3,002	0.6136	121.65
2	2012-13	2,553	0.5203	-14.95
3	2013-14	2,388	0.5306	-6.44
4	2014-15	1,741	0.3888	-27.09
5	2015-16	1,221	0.3205	-29.89
6	2016-17	1,163	0.3028	-4.70
7	2017-18	1,292	0.2777	11.10
8	2018-19	1,677	0.3264	29.77
9	2019-20	2,031	0.4279	21.07
10	2020-21	1,892	0.4798	-6.84
11	2021-22	3,520	0.5743	86.05

Source: Ministry of Commerce and Industry (India)

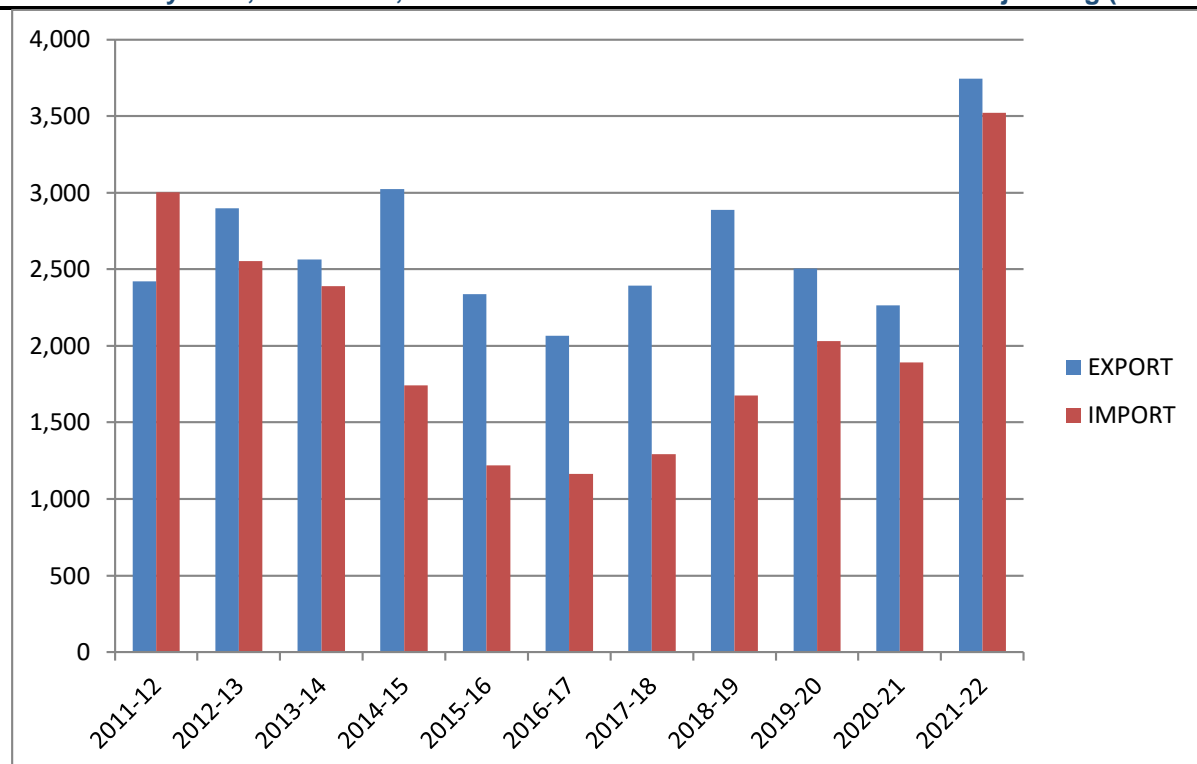


The share of Egypt has also been less than 1% in our total imports. The positive growth registered in all years except the period from 2012-13 to 2016-17 and 2020-21.

Table 3 Balance of Trade (US \$Million)

Sr. No.	Year	Export	Import	Ratio
1	2011-12	2,421	3,002	0.806
2	2012-13	2,897	2,553	1.134
3	2013-14	2,562	2,388	1.072
4	2014-15	3,025	1,741	1.737
5	2015-16	2,337	1,221	1.914
6	2016-17	2,067	1,163	1.777
7	2017-18	2,392	1,292	1.851
8	2018-19	2,886	1,677	1.7209
9	2019-20	2,504	2,031	1.232
10	2020-21	2,264	1,892	1.196
11	2021-22	3,743	3,520	1.063

Source: Ministry of Commerce and Industry (India)

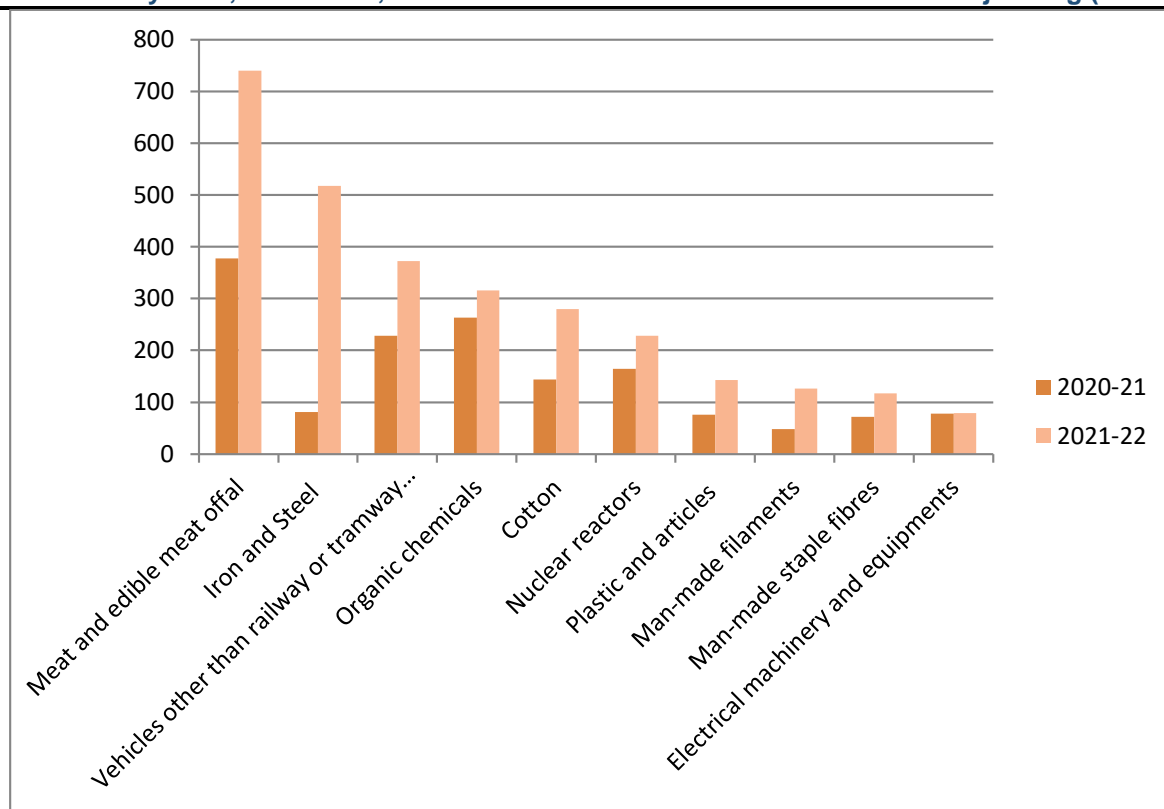


The surplus trade noticed barring the initial fiscal year.

Table 4 Composition of India's Exports to Egypt (US \$ Million)

Sr. No.	Merchandise	2020-21	2021-22	Growth %
1	Meat and Edible meat offal	377.81	739.66	95.78
2	Iron and Steel	80.93	517.32	539.22
3	Vehicles other than railway or tramway rolling stock, parts and accessories there of	227.69	372.08	63.42
4	Organic chemicals	263.42	315.40	19.74
5	Cotton	143.90	279.31	94.09
6	Nuclear reactors, boilers, machinery and mechanical appliances; parts there of	164.29	228.30	38.96
7	Plastic and articles there of	75.71	142.79	88.61
8	Man-made filaments	47.69	126.21	164.44
9	Man- made staple fibres	72.18	116.69	61.66
10	Electrical machinery, equipments, parts there of ; sound recorders and reproducers, television image and sound recorders and reproducers and ;parts	78.31	79.30	1.26

Source: Ministry of Commerce and Industry (India)

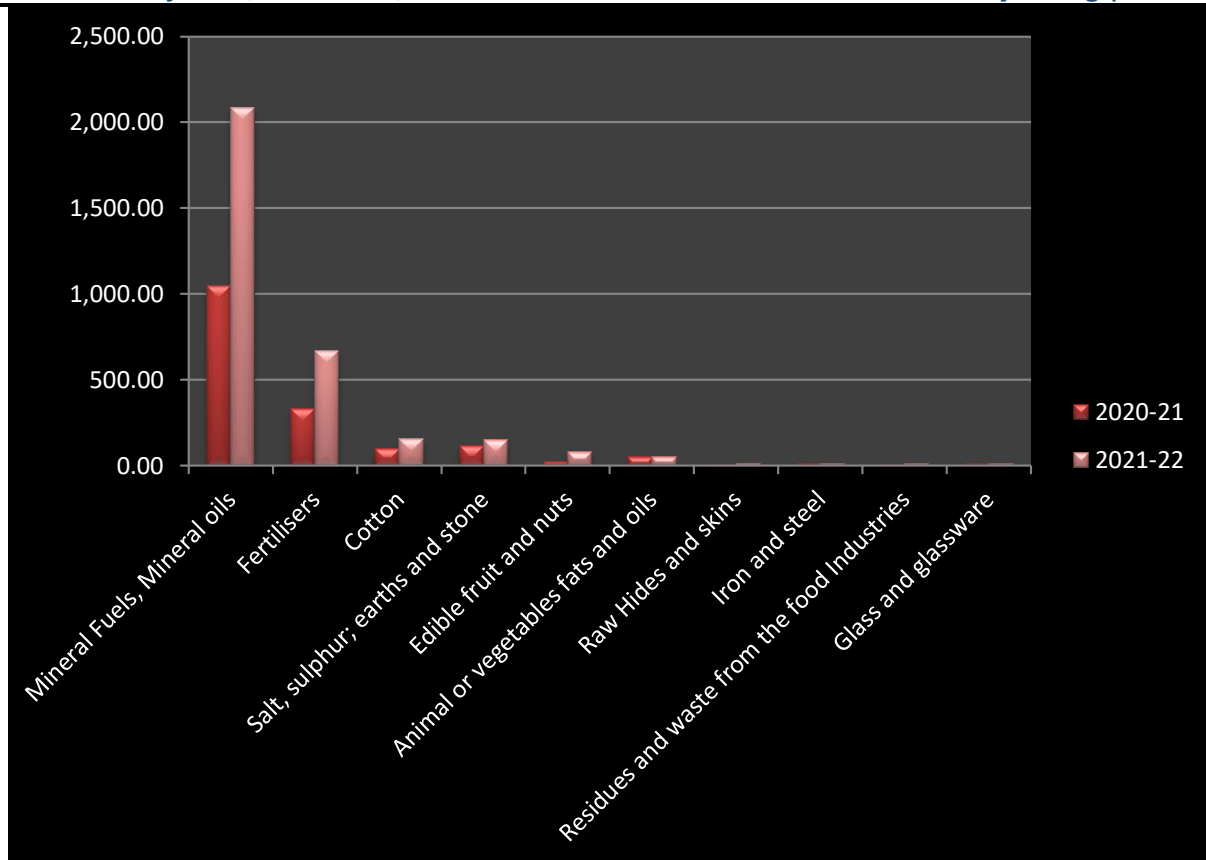


The growth of composition of top ten exports witnessed positive over the corresponding year.

Table 5 Composition of Imports of India's from Egypt (US \$ Million)

Sr. No.	Merchandise	2020-21	2021-22	Growth %
1	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	1,048.02	2,086.86	99.12
2	Fertilisers	330.34	671.77	103.36
3	Cotton	99.56	156.11	56.79
4	Salt; sulphur; earths and stone; plastering minerals, lime and cement	113.62	147.64	29.94
5	Edible fruits and nuts; peel or citrus fruits or melons	23.62	79.63	237.12
6	Animal or vegetable fats and oils and their cleavage products: per edible fats; animal or vegetable waxes	51.79	48.92	-5.55
7	Raw hides and skins (other than frisking) and leather	5.20	13.08	151.29
8	Iron and steel	9.49	9.87	4.01
9	Residues and waste from the food industries; prepared animal fodder	0.05	9.71	19,524.04
10	Glass and glassware	8.37	9.30	11.07

Source: Ministry of Commerce and Industry (India)



The composition of the imports also observed positive growth in comparison to year on year basis barring the merchandise agriculture allied animal, vegetable fats and oils, edible fats, animal or vegetable waxes

3. Findings

- The share of Egypt in India's total exports as well as imports was less than 1%.
- The positive growth of exports to Egypt noticed barring the years 2013-14, 2015-16, 2016-17 owing to global economic fluctuations and also during Covid-19 pandemic period.
- The highest growth of exports registered in 2021-22, as a result of recovery in pandemic over corresponding year.
- The negative growth of imports from Egypt seen substantially more during the period from 2012-13 to 2016-17 and also during pandemic.
- The balance of trade with the concerned nation has been favourable except 2011-12.
- The principal items of exports to Egypt in 2021-22 were in respect of agriculture and allied products such as meat and edible meat offal, cotton, man- made filaments, man- made staple fibres etc.
- The highest growth of exports of iron and steel found in 2021-22 over previous year.
- The composition of imports from Egypt was also concerned mainly with agriculture and allied merchandise.

4. Potential of Exports

Egypt has been exploring possibilities of sourcing grain from alternate countries as supplies have been disrupted because of the Russia-Ukraine conflict. Egypt imported 6.1 million tonnes (mt.) of wheat in 2021 and India was not in the accredited list. More than 80% of Egypt's wheat imports estimated to be close to \$ 2 billion in 2021 were from Russia and Ukraine. India is aiming to export 3 million tonnes of wheat to Egypt in 2022-23 out of target of 10 million tonnes of wheat, as a result of country has accorded one of the world's biggest importers of wheat to source from India in consideration of assurance regarding compliance of quality standards.

India has immense potential of exporting agricultural and allied products especially to Egypt in the wake of Ukraine-Russia war and global economic uncertainty. Hence ambitious target of bilateral trade of \$ 12 billion has been formulated for next 5 years, which can be realised through cordial diplomatic endeavours and taking

advantage of Most Favoured Nation (MFN) status. Apart from this, there are also potential of export of trade in defence and services to make manufacturing hub in the light of Make in India as well as Production Linked Incentive programmes to leverage the benefits of surplus trade with this nation.

5. Suggestions

- Possibility for signing of FTA is to be explored in view of MFN status with Egypt to boost bilateral trade
- Support of Egypt along with other African countries required for permanent membership in United Nation Security Council.
- Both countries should make sincere efforts diplomatically to counter increasing threat of cross boarder terrorism.
- Environmental global issues are to be tackled through exchange of modern innovative technology mutually.
- Major thrust of export of agriculture and allied products should be harnessed to ensure double income of farmers through availing schemes of Agri-Startups launched by Union Government.
- Both countries are to explore alternatives for strengthening green economies through exchange of green technology.
- The government urgently needs to bring out a revised foreign policy to address both historical trade balances and slowing of exports rather than wait out the tumult in view of changing global economic order rapidly.

References

- India's Foreign Policy in a Globalising World , ignou, BPSE-142, June 2022
- Current Year Book, 2015-16, Civil Services Times, New Delhi
- Drishti Current Affairs Today February 2023
- The Indian Express, January 28, 2023
- The Hindu January 29, 2023
- The Economic Survey 2021-22
- The Minister of Commerce and Industry
- <http://www.intertek.com/>
- <http://oec.world>profile>country>
- <http://www.trade.gov>egypt-mark>
- <https://www.lloydsbanktrade.com>>
- <https://www.britannica.com>>
- <https://wits.worldbank.org>>