



## India-Egypt Relations

**For Prelims:** [India-Egypt Relations](#), [Gulf Region](#), [Inflation](#), [Ukraine Conflict](#), [Religious Extremism](#), [Climate Change](#), [G-20](#), [NAM](#), [Suez Canal](#).

**For Mains:** India-Egypt Relations, Opportunities and Challenges and Way Forward.

### Why in News?

Recently, the Indian Prime Minister (PM) has visited Egypt for the **first time since 1997** to discuss bilateral relations between **India and Egypt**.

- The Government of Egypt bestowed the highest honor of the land — the **Order of the Nile** — on the **PM**.

**Note:** Instituted in 1915, the '**Order of the Nile**' is conferred upon heads of states, crown princes, and vice presidents who offer Egypt or humanity invaluable services.



### What are the Key Highlights of the Visit?

- **Strategic Partnership Agreement:** The visit marked the signing of a strategic partnership agreement between India and Egypt, which is a significant milestone in the bilateral relationship between the two countries. The strategic partnership will have **broadly four elements:**
  - Political
  - Defense and Security
  - Economic engagement
  - Scientific and academic collaboration.
  - Cultural and people-to-people contact
- **Memoranda of Understanding (MoUs):** Three MoUs were signed between India and Egypt in the fields of agriculture, archaeology and antiquities, and competition law, aiming to enhance **cooperation in these areas.**
- **Bilateral Discussions:** Indian PM and Egypt's President discussed various topics, including **multilateral cooperation at the G-20**, food and energy security, **Climate Change**, and **Clean Energy** collaboration.
- **India Unit in Egyptian Cabinet:**
  - Indian PM met with the India Unit, a group of high-level ministers constituted by Egyptian President in Egyptian Cabinet in March, 2023 to enhance India-Egypt relations.
- **Commonwealth War Grave Cemetery:** Indian PM paid homage to over **4,300 Indian soldiers who lost their lives in Egypt** and Aden during **World War I** at the Heliopolis Commonwealth War Grave Cemetery.
- **Egypt's Participation in G-20 Summit:** Egypt was designated as a "guest country" at the upcoming G-20 summit scheduled to be held in September, further strengthening bilateral ties between India and Egypt.
- **Al-Hakim Mosque:** Indian Prime Minister visited the **11<sup>th</sup>-century Al-Hakim Mosque** in Cairo, which was restored by India's Dawoodi Bohra community.
  - The mosque was built in 1012 and is the fourth oldest mosque in Cairo. The Dawoodi Bohra **Muslims are known for their adherence to the Fatimi Ismaili** Tayyibi school of thought and originated from Egypt before establishing a presence in India in the 11th century.

## How Has Been the India-Egypt Relations?

- **History:**
  - The history of contact between **India and Egypt, two of the world's oldest civilizations**, can be traced back to at least the time of **Emperor Ashoka**.
    - Ashoka's edicts refer to his relations with **Egypt under Ptolemy-II**.
  - In modern times, **Mahatma Gandhi and the Egyptian revolutionary Saad Zaghloul shared** the common goal of **independence** from British colonial rule.
    - The joint announcement of establishment of diplomatic relations at Ambassadorial level was **made on 18<sup>th</sup> August 1947**.
  - India and Egypt signed a friendship treaty in 1955. In 1961, India and Egypt along with Yugoslavia, Indonesia and Ghana established the **Non-Aligned Movement (NAM)**.
  - In 2016, the joint statement between **India and Egypt identified political-security cooperation**, economic engagement and scientific collaboration, and cultural and people-people ties as the basis of a new partnership for a new era.
- **Bilateral Trade:**
  - India's trade with Egypt stood at USD 6,061 million in 2022-23, having **declined by 17% over the previous year**.
    - Nearly a third of it was petroleum related.
  - India was **Egypt's sixth largest trading partner**, while Egypt was India's 38th in 2022-23.
  - Indian investments in **Egypt are spread over 50 projects totalling USD 3.15 billion**. Egypt has invested **USD 37 million in India**.
- **Defense Cooperation:**
  - The two Air Forces collaborated on the **development of fighter aircraft in the 1960s**, and Indian pilots trained their Egyptian counterparts from the 1960s until the mid-1980s.
    - Both the **Indian Air Force (IAF) and Egyptian air force fly the French Rafale fighter jets**.
  - In 2022, a pact was signed between the two countries that have decided to also

**participate in exercises** and cooperate in training.

- The first joint special forces exercise between the Indian Army and the Egyptian Army, "Exercise Cyclone-I" was completed in January 2023 in Jaisalmer, Rajasthan.

▪ **Cultural Relations:**

- The Maulana Azad Centre for Indian Culture (MACIC) was established in Cairo in 1992. The centre has been promoting cultural cooperation between the two countries.

## What are the Opportunities and Challenges for India?

▪ **Opportunities:**

- **Combat Religious Extremism:** India aims to combat **Religious Extremism** by **supporting moderate countries** in the region and promoting social reforms.
  - India has identified it as a key player in the **Gulf Region** since it maintains a moderate stance on religion, enjoys strong relations with the **UAE (United Arab Emirates)** and Saudi Arabia (which have made substantial investments in Egypt).
- **Strategically Located:** Egypt holds a strategically significant position with the **Suez Canal**, through which **12%** of global trade passes.
  - By enhancing bilateral relations with Egypt, **India hopes to advance its goals in the region.**
- **Indian Investment:** Egypt seeks investments in infrastructure — Metro projects in Cairo and Alexandria, a Suez Canal economic zone, a second channel of the Suez Canal, and a new administrative capital in a Cairo suburb.
  - More than **50 Indian companies have invested more** than USD 3.15 billion in Egypt.
- **Similar Socio-Economic Conditions:** Egypt is a large country (population 105 million) and economy (USD 378 billion). It is politically stable, and its **socio-economic conditions are quite similar to India.**
  - Egypt's largest imports are refined petroleum, wheat (world's largest importer), cars, corn and pharmaceuticals — all of which **India has the potential to supply.**
- **Infrastructure Development:** Moreover, the Egyptian government has an ambitious infrastructure development agenda, with 49 mega projects including the construction of a New Cairo (USD 58 billion), a USD 25 billion nuclear power plant and a USD 23 billion high-speed rail network.
  - During 2015-19, Egypt was the world's third-largest arms importer. These present opportunities for India.

▪ **Challenges:**

- **Economic Crisis in Egypt:** The huge financial commitments of the Egyptian economy have **coincided with a static economy**, pandemic, global slowdown and the **Ukraine conflict.**
  - Consequently, tourism has dropped and imports such as cereals have become costly. Annual **Inflation** is above 30% and the currency has lost more than half its value since February 2022.
- **Abysmal Debt and Forex:** Egypt's foreign debt is over USD 163 billion (43% of the GDP) and its net foreign assets are minus USD 24.1 billion.
  - The acute forex situation compelled the government to issue in January 2023 an order for the **postponement of projects with a large foreign currency** component and cuts to non-essential spending.
- **China's Growing Influence:** India's concerns regarding China in Egypt revolve around China's growing economic influence, **its expanding presence in strategic areas**, its bilateral trade agreements, which can have potential implications for **India's regional interests and security.**
  - China's bilateral trade with Egypt is currently at USD 15 billion, double that of **India's USD 7.26 billion in 2021-22.**
  - During the past eight years, the President of Egypt has traveled to China seven times to lure Chinese investments.

## Way Forward

- India needs to carefully balance its exposure to **Egypt with the opportunities** on hand.

- India may countenance **manageable eco-political risks** to partake Egypt's lucrative opportunities through various innovations such as the **EXIM line of credit, barter, and rupee trading**.
- India should, however, avoid a **repetition of its experience of Iraq in the 1980s and 1990s of having to defer its hard-earned construction project** dues until they had to eventually be paid off by the Indian taxpayer.
  - Moreover, such an arrangement may set a **precedent other similarly placed friendly countries may cite**. India may, instead, consider **trilateral funding arrangements for such projects** in Egypt or elsewhere with its partners in the Gulf, the G-20 or the multilateral financial institutions.

### UPSC Civil Services Examination, Previous Year Question (PYQ)

**Q.** What were the events that led to the Suez Crisis in 1956? How did it deal a final blow to Britain's self-image as a world power? **(2014)**

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