



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 **11th-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 18th 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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