

RIS DISCUSSION PAPERS

Economic Cooperation between India and Egypt

Abdel Hamid Saba Elregal
Ministry of Foreign Trade
Arab Republic of Egypt

RIS-DP # 55/2003



**Research and Information System
for the Non-Aligned and
Other Developing Countries**

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RESEARCH AND INFORMATION SYSTEM FOR THE NON-ALIGNED AND OTHER DEVELOPING COUNTRIES (RIS)

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RIS Discussion Papers intend to disseminate preliminary findings of the research carried out at the institute to attract comments. The feedback and comments may be directed to the authors(s).

Preface

The Visiting Research Fellowship in International Economic Issues and Development Policy is a programme conducted by the RIS under the Indian Technical and Economic Cooperation (ITEC) Programme of the Government of India with the objective of providing to the officials and scholars from other developing countries an opportunity of receiving training in India in specific areas of common interest. Under the Visiting Research Fellowship programme of the RIS, the selected Fellows spend about four months with RIS during which they attend specialized courses on select themes in the fields of economic development and international economic relations and also work on a select theme of research under the guidance of the RIS faculty. The Visiting Fellows are also given an opportunity to interact with experts in different fields.

Mr. Abdel Hamid Saba Elregal, Economic Analyst, Ministry of Foreign Trade, Arab Republic of Egypt, conducted his research at RIS during February-May, 2003 as a Visiting Research Fellow under the programme. He also interacted with officials in the ministries, government organizations, industry and scholars in the academic world.

This paper resulted from Mr. Elregal's work on "Economic Cooperation between India and Egypt" during his stay at RIS, under the guidance of Dr. Ram Upendra Das, Fellow, RIS.

An earlier version of the paper was presented at the Seminar on "Development Cooperation Prospects between India and Other Developing Countries" held at RIS on May 28, 2003. The Seminar had representation of ministries and government organizations, embassies, industry and academics, and the paper benefited from the feedback.

We are happy to release the research paper of Mr. Elregal as RIS Discussion Paper for contributing to wider awareness about the potentials of cooperation between India and Egypt. We do hope that the ideas and suggestions contained in this paper would be found useful both in India and Egypt.

(Nagesh Kumar)
Director General

Contents

Introduction

- I. Brief Economic Profiles of Egypt and India
- II. Indo-Egypt Bilateral Economic Relations
- III. Potentials for SMEs Cooperation: A Special Focus
- IV. Constraints in Bilateral Cooperation
- V. Policy Recommendations

Bibliography

Introduction

Egypt has been the center of trade and enterprises in the Middle East and its location between the countries of Africa and Asia remains the crossroad between the east and the west, with the population of over 65 million.

Since the beginning of recorded history, Egypt has been distinguished as one united land. Modern Egypt has always been a regional power and also has the largest single market in the region. It is rich in human resources, its businessmen are experienced in the markets of its neighboring countries, and it possesses a good mix of semiskilled, skilled and highly qualified workforce.

Egypt's recent global integration offers rewarding gains for both industrial and trading businesses. On the other hand, India's economic reforms of recent times have brought dynamism to its economic activities. Historically, both the countries have shared close relations and their economic interactions were quite intensive in the past. However, more recently, both the countries have not been able to take adequate advantage of the economic cooperation potentials that exist.

The focus of this paper is analyzing constraints and prospects for greater economic cooperation between Egypt and India. The paper is divided into the following Sections. Section I provides a brief economic profiles of Egypt and India. Indo-Egypt bilateral economic relations are analyzed in Section II. Potentials for Small and Medium Enterprises (SMEs) has been taken up as a special theme of analysis in Section III. Some of the constraints coming the way of Indo-Egypt cooperation are highlighted in Section IV. Section V puts forth some of the policy recommendations to strengthen economic cooperation efforts between India and Egypt.

I. Brief Economic Profiles of Egypt and India

In this Section brief economic profiles of Egypt and India are presented. A greater emphasis has been laid on dealing with the Egyptian side. An overview of macroeconomic performance of Egypt as well as some of the recent macro economic reforms are presented in this Section.

Economic Profile of Egypt

What follows is a brief profile of Egypt's economy, however some important facts about Egypt are provided in the Annexure. As noticed from Table 1 economic

growth accelerated from 1.9% in 1991/92 to 5.3% in 1999/2000. Significantly, the fiscal deficit decreased from 6.4% of GDP in 1991/92 to 4.7% of GDP in 1999/2000. In addition, foreign debt as percentage of GDP has decreased markedly, from 77.9% in 1991/92 to 27% in 2000/01. Moreover, the current account deficit witnesses a drastic improvement, declining to 1.2% in 1999/2000 from 1.9% in 1998/99. These figures bear testimony to the Egypt's success in managing this deficit and as some have interpreted this has been achieved by increasing non-traditional exports and attracting foreign direct investment.

The reforms program has also been effective in reining in inflation rates that hovered around 20% in 1991. The inflation rate fell sharply, reaching 3.8% in 1998/99, 2.8% in 2000 and 2.4% in 2001; the steady decline is continuing.

The fiscal deficit has also tumbled from almost 20% of GDP in 1990 to 3.5% in 2000, after a brief increase spanning 1998 to 2000, which allowed the country to overcome a phase of domestic and global recession. The decrease in the fiscal deficit (as a percentage of GDP) is also attributed to the growth of GDP.

During 2000/01, the balance of payments witnessed a deficit of \$ 852 million (0.9% of GDP). The current account deficit, after widening to 3% of GDP in 1997/98, fell to 1.2% of GDP in 1999/2000 and even further in 2000/01. These trends were supported by healthy capital inflows and foreign exchange reserves.

The private sectors have played an increasingly dominant role in growth. Private activities contributed to over 74% of Egypt's total gross domestic product in 1998/99. The private sector has taken the lead in agriculture and irrigation, industry and mining, electricity, construction, transportation, communications, storage, trade, finance and insurance, restaurants, hotels, and housing.

Private investments exceeded 80% of total investments in Egypt during 1999, reflecting the government's commitment to facilitating private sector participation. Furthermore, the government encourages individual business people and transnational corporations to invest in non-traditional areas, especially in financial services such as insurance, utilities and infrastructure through BOT and BOOT agreements.

Table 1: Selected Macroeconomic Indicators: Egypt

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Real GDP Growth Rate	1.9	2.5	3.9	4.7	5	5.3	4.6	6.3	5.3	3.3
Average Annual Inflation %	21.1	11.1	9	9.3	7.3	6.2	3.8	3.8	2.8	2.8
Unemployment(%)	9.2	10	9.8	6.9	9.2	8.4	8.2	8.1	9	9.3
Fiscal Deficit (% GDP)	-6.4	-3.5	-2.1	-1.3	-1.3	-0.9	-1	-4.2	-4.7	n.a
Current GDP Account% (including official transfers)	6.38	4.89	0.79	0.64	-0.27	0.16	-3	-1.92	-1.2	-0.03
Foreign Debt % Exports (G &S)	77.9	64.6	59.9	54.8	45.9	38	34	31.74	28.5	27
Total Debt % Exports (G & S)	270.1	251.2	257.15	227.15	203.64	173.5	180.2	182.4	156	141.5
Debt Services Ratio	13	12.6	11.7	10.5	10.93	8.2	8.5	7.2	8.03	7.42
Reserves / Month of Imports	12.1	16.1	18.8	16.4	15.7	15.7	14.3	12.7	10.2	10.4

Source: Ministries of Finance, Planning and Foreign Trade; Central Bank of Egypt.

Macroeconomic Outlook: An Era of Reform

In the early 1990s, the government launched an economic reform and structural adjustment program (ERSAP) supported by a standby arrangement with the International Monetary Fund and a structural adjustment loan from the World Bank, in addition to bilateral debt forgiveness/ debt service relief from the Paris Club. This comprehensive program, designed to achieve macroeconomic stability in the wake of partial reforms implemented in the early 1980s, included: financial sector reform, interest rate liberalization, reductions in subsidies and price controls, exchange rate standardization, foreign trade liberalization, and public sector reform. The overarching goal was to create an open, market-oriented, decentralized economy receptive to foreign direct investment and private –sector participation. Egypt is rapidly shifting towards a market-based economy, a transition that demands implementation of a consistent economic policy. Hence, real economic growth takes place in an enabling environment, while macroeconomic institutions are rehabilitated.

The first phase of economic reforms focused on stabilizing the economy, improving public finance and exchange rate policies, stabilizing inflation, tightening monetary policy, and deregulating prices, markets and investment. The second phase

focused on trade and investment issues, private sector reform, and banking sector restructuring. These reforms were implemented directly, through policy changes, and indirectly, through educational and other measures to improve economic and social welfare. Deregulation of prices, markets and investments was carried successfully.

Reform policies are based on four interdependent pillars that must be consolidated in tandem to realize the nation's huge potential: investment, savings, institutional reform and export promotion. Egypt has completed the third phase of the economic reform program, which has been commended by the IMF " ...as an achievement that has few parallels". The gradual price liberalization strategy has paid off, and currently, prices of all products are market-based. Railway fares, electricity petroleum products and natural gas prices are adjusted continually in line with their international equivalents. Continued economic progress, therefore, is based principally on Egypt's large, diversified economy, expanding international opportunities, modest external debt levels, fulfillment of debt service requirements, political stability, sustainable GDP growth, and the potential for further economic growth as a result of continued structural reforms.

Investment Reforms in Egypt

Since the initiation of the economic reform program in 1991, the Egyptian government has taken measures in the economic, legal, monetary, and financial and institutional spheres to encourage private sector participation and boost investment levels. As a result, the economic policy and business environment now offer investors a plethora of attractive incentives and opportunities. Duty-free zones and industrial cities benefit from the advanced infrastructure, stable economy, liberal conditions for trade, a freely convertible currency with full rights to effect all transfers abroad. These developments have attracted an increasing number of multinational corporations. Legal and economic reforms have eased or removed price restrictions to accommodate the business environment further. To boost investment in all sectors of the economy, offices have been established across the country, streamlining bureaucratic procedures considerably.

In April 2002, a presidential decree made the general authority for foreign investment (GAFI) responsible for establishing an investment services pool (ISP) adopting "the One-Stop Shop" approach. Representations of relevant authorities and

agencies at ISP are to minimize the cost-effect and time required of investors who seek to establish new business in Egypt.

Egypt has signed a number of bilateral and multilateral agreements to protect investments. It is a party to the international convention for settlement of investment disputes, and has also entered an investment guarantee agreement that insures against political risk for US private investment in Egypt (Overseas private investment corporation). Egypt has also signed several treaties for the encouragement and reciprocal protection of investment. Agreements with Egypt's major trading partners also protect against double taxation.

The Egyptian business environment, which offers investors so many incentives, has fostered the creation of several companies under the investment law (8/1997). Table 2 illustrates capital growth and the proliferation of registered companies and demonstrates that industrial activities attract most investment in- land or in free zones. Total capital additions/ expansions hit LE9.9 billion in 1999 and LE6.5 billion in 2001. At the end of June 2002 the total cumulative number of companies registered at GAFI amounted to 12,454, of which 11,682 registered in-land and 772 in free zones; total issued capital was recorded at LE142.5 billion, creating 1,056 million job opportunities.

**Table 2: Total Number of companies Registered Under GAFI
Investment Law 8/1997
(By Economic Sector)**

Sector	Capital increase growth (%)				Cumulative number of Companies Established under law 8/1997(End June 2002)		
	1999	2000	2001	2002	No. of companies	Issued capital (LE)	Employment (thousands)
Industry	3.7	2.9	2.9	1.1	7885	46.95	584
Agriculture	0.3	0.1	0.07	0.07	866	4.72	77
Construction	0.6	0.03	0.3	0.2	342	7.9	72
Tourism	1.4	0.8	0.4	0.5	1291	30.6	179
Finance and services	2.4	1.5	0.6	1.1	1298	25.9	57
Total In- Land	8.3	5.3	4.6	2.97	11682	116.1	969
Total Free Zones	1.6	0.2	2.3	0.03	772	26.4	87
Grand Total	9.9	5.5	6.5	3.0	12454	142.5	1056

Merely creating a business-friendly environment is too passive a stance to promote the growth objectives of Egypt's citizens. Further steps have been taken to attract investment and support business. These consist of specific incentives ranging from tax holidays to exemption from certain laws. Bureaucratic obstacles to market entry/exist and business operations have been eliminated over the past few years. Licensing for local and international investment is automatic and open to private business, and no minimum local content conditions required.

Foreign investors interested in Egypt may establish a representative office, branch, or scientific office, or may merge with an Egyptian entity through direct or indirect/ portfolio investments.

Competitiveness Index

In recent times, Egypt has gained enormously in terms of raising the competitiveness profile of its economy. This is revealed by the fact that Egypt ranks sixth countries in the World Economic Forum Competitiveness Report, 2001 (Table 3).

Table 3: Competitiveness Index

Ranking	Country	Index
1	Tunisia	1.0
2	Mauritius	0.8
3	Botswana	0.7
4	Namibia	0.4
5	Morocco	0.4
6	Egypt	0.4
7	South Africa	0.3
8	Senegal	0.2
9	Ghana	0.1
10	Swaziland	-0.1
11	Ethiopia	-0.1
12	Zambia	-0.1
13	Lesotho	-0.2
14	Tanzania	-0.2
15	Cote d'Ivoire	-0.2

Source: World Economic Forum, African Competitiveness Report 2000-2001

Regional Cooperation

Egypt is actively participating in Regional Cooperation Arrangements of which a notable one is the Common Market for Eastern and Southern Africa (COMESA). It is a grouping of 20 African states that have agreed to promote regional integration through trade development and to develop their natural and human resources for the mutual benefit of their peoples. Established in 1994 and supported by its financial institutions like the Trade and Development Bank for Eastern and Southern Africa (PTA Bank) and the Clearing House and the Re-Insurance Company, the COMESA has a proven track

record of achievements. It has developed a large number of regional program to assist member states to attain economic recovery and sustainable economic growth.

The COMESA treaty envisions a fully integrated, internationally competitive regional economic community; a community within which there is economic prosperity as evidenced by high standards of living for its people, political and social stability and peace, and a community within which goods, services, capital and labor are free to move across national borders.

The COMESA treaty, which sets the agenda for COMESA, covers a large number of sectors and activities. However, the fulfillment of the complete COMESA mandate is regarded as a long-term objective. In order for COMESA to become more effective as an institution, it has defined its strategic focus within its mandate, over the next 3 to 5 years, as being promoting of Regional integration via trade Development and investment promotion. An important objective in the pursuit of this strategy is to enable member states make the adjustments necessary for them to become part of the global economy within the framework of WTO regulations and other international agreements.

Objectives

1. **Achievement** of zero tariffs for all tradable goods among COMESA members (free trade area status) by the year 2000;
2. **Establishment** of a common external tariff, (cet) or customs union by the year 2004 with less restricted movement of people (common market status);
3. **Establishment** of a monetary union, free movement of people including right of establishment (economic community status) by the year 2025.

Recent Economic Performance of India

Indian economy has achieved success on various dimensions during the nineties. It has become a modern economy without losing sight of the social and rural aspects of development. Without going into the debate on the extent of the success we focus on some of the recent trends of the economy. Economic growth in India improved in recent years (Table 4), despite deteriorating external demand. While industrial expansion remained slower, agriculture recorded a marked improvement due to a favorable monsoon, and services sector registered accelerated growth. Inflation fell and a comfortable level of foreign exchange reserves was built up. In 2002 – 2003, a more

favorable external environment and stronger domestic demand due to a revival in agriculture should lead to faster economic growth.

	1999	2000	2001	2002	2003
Rate of growth of GDP ^a	6.1	4.0	5.4 ^b	6.0	6.8
Fiscal balance/GDP	-5.4	-5.7	-5.7 ^c	-5.3 ^d	-4.8
Current account balance/GDP	-1.1	-0.6	-0.5	-1.0	-1.5
Inflation rate	3.3	7.2	4.7	4.0	5.0
Money supply (M3)/GDP	14.6	16.7	11.2	14.0	15.0
Export growth	9.5	19.6	-1.0	11.0	14.0
Import growth	16.5	7.0	-0.9	13.0	14.5
Growth Rate Agriculture (% per year)	0.8	—	—	—	—

^a Based on constant 1993/94 factor cost. ^b Advance estimate by the Government of India.
^c Revised estimate by the Government of India. ^d Budget estimate.
— Not available
Sources: Central Statistical Organization, National Accounts Statistics 2001, Ministry of Finance, Union Budget 2002-2003; Reserve Bank of India, RBI Annual Report 2000-01 and 2002, RBI Bulletin, February; staff estimates.

The performance of the services sector has been improving, especially due to robust performance in the financial and business services segment, ICT and Software services sector.

Monetary and financial developments have been characterized by relative stability. India has been doing well on both the fronts of exports and imports. Success has been achieved on account of fiscal balance and current account deficit.

II. Indo-Egyptian Bilateral Economic Relations

India and Egypt represent two ancient civilizations that have enriched the world culture with their invaluable contributions to the sciences and the arts as well as to philosophical thoughts from the third millennium B.C. They have had strong commercial links since ancient times. In the days of the early pharaohs, Indian sailors carried to Egypt perfumes and spices, pearls and brocades. Egypt sent to India coral and rose water, gold and saffron. Queen Hat-Shep-sut dispatched envoys to India in the 15 century B.C., which one might take as the commencement of mutual diplomatic relations. More than 2200 years ago, Emperor Ashoka's missionaries took the message of the Buddha to Egypt, leading to establishment of an Indian settlement in the port city of Alexandria. India, literature, notably the Panchatantra, was taken to Europe through Arabic translations. This cross-fertilization between the two rich cultural heritages has created a natural and lasting bond between the two countries and the people and also at the

business levels. No historian has come up so far with a comprehensive chronology of the Indo- Egyptian relations. Yet, it is known that from the most ancient ages, cordial and commercial links were established between the Nile valley and the western coast of India. The great Egyptologist Flenderz had found some Indian monuments among his excavations in Memphis. He was surprised and he wrote “ ...the Indian sailors had known the Mediterranean route from the ancient ages”. Recently, a more detailed historical and civilizational and economic relations are analyzed in Shanker (2003).

A number of agreements covering various aspects of political, economic and cultural relations have been signed by the two countries: A Partnership agreement between India and Egypt was initialed in Cairo in May 1999 during the first meeting of India-Egypt Joint Business Group. A Preferential Trade Agreement (PTA) and a Double Taxation Avoidance Agreement (DTAA) are being negotiated by the two sides. Nominations for various courses/training programmes, generally focused on small scale industries, computer hardware and software development and training in the financial sector, economic research, etc. under the ITEC Programme are also provided.

The following MOUs have been signed between India and Egypt: (i) Between Indian Institute of Foreign Trade (IIFT), India and Foreign Trade Training Center (FTTC), Egypt (ii) Between Indian Information Center and Egyptian International Trade Point.

What follows is a synoptic view of Indo-Egypt bilateral economic relations which covers dimensions such as Indo-Egypt Joint Commission; Indo-Egypt Trade Relations; Indo-Egypt Investment Cooperation; Indo-Egypt Private Sector Cooperation; Indo-Egypt Science and Technology Cooperation and Indo-Egypt Trade Point Interactions.

II.1 Indo-Egypt Joint Commission

The India-Egypt Joint Commission was established in September 1983 to promote and expand bilateral cooperation in economy, trade, agriculture, industry, education, health, culture, consular affairs, tourism and science and technology.

The Meeting of the Commission is co-chaired by Indian External Affairs Minister and Egyptian Foreign Minister. Its first meeting was held in New Delhi in November 1985, second in Cairo in October 1988, third in New Delhi in April 1997 and fourth in Cairo in February 2001.

During the fourth meeting of the joint committee held in Cairo in February 2001 the sub-committee on trade and economic cooperation discussed bilateral trade, participation in trade fairs and industrial / SMEs / tourism sector cooperation.

The subcommittee on science & technology cooperation identified information technology, biotechnology, renewable energy, remote sensing and satellite technology, and nuclear medicine as possible areas for further cooperation.

II.2 Indo-Egyptian Trade Relations

Egypt has traditionally been one of India's most important trading partners in the African continent. India-Egypt bilateral trade agreement has been in operation since March 1978 and is based on the most favored nation clause. However, recent times have not witnessed a very strong trade relations between the two countries.

Table 5: Bilateral Trade

Year	India's Total exports to Egypt (million USD)	India's Total imports from Egypt (million USD)	Total trade (million USD)	Trade surplus for India (million USD)
1996	184.37	63.65	248.02	120.72
1997	233.13	186.99	420.12	46.14
1998	296.75	166.64	463.39	130.11
1999	269.23	235.46	504.69	33.77
2000	229.44	156.17	385.61	73.27
2001	284.33	252.13	536.46	32.20
(Jan, 02-june, 02)	163.12	173.67	336.79	-10.45

The bilateral trade registered an increase of 39% in 2001. The growth in India's exports was 24% while Indian imports increased by 61%. In the first half of the year 2002 the bilateral trade reached a figure of US\$ 336.79 mn. which was an increase of 34% compared to the first half of the year 2001.

Major Indian Imports from Egypt are Petroleum and products, raw cotton, Rock Phosphate, Coking Coal, leather and Marble. However, it is noticed from Table 6 that Egyptian Exports to India are highly concentrated in only a few items at a very disaggregated level of trade classification.

Major Indian Exports to Egypt are Iron/steel casings; boneless bovine frozen meat; cotton, jute yarn and other textile fibers; plastics & rubber; chemicals and pharmaceuticals (vaccines, blood derivatives); tobacco; paper; and cereals (mainly

wheat, Sesame seed; coffee; cashew nuts; spices; Engineering goods; Motor vehicles. The issue of trade concentration is also evident from Table 7.

The Egyptian Ministry of Foreign Trade declared 2002 as Year of India in Egypt. Egypt (YIE) with a view to further strengthen, develop and enhance Egypt – India trade relations. A high-powered core group was established to oversee a number of ideas and events that were conceived to mark the YIE. The Minister of Foreign Trade from the Egyptian side and the Minister of Commerce and Industry led the core group from the Indian side.

The Action Plan for YIE included:

1. Exchange of key ministerial visits, cooperation between India and Egypt entities in the small & medium enterprise and information technology.
2. Organizing seminars and round table conferences, buyer-seller meets
3. Participation in trade exhibitions,
4. Identifying business opportunities via multiple market researches

Table 6

EGYPTIAN EXPORTS TO INDIA

Value in million US					INDIA	
JAN.-SEP. JAN.-SEP. 2002	2001	2000	1999	1998	Title	HS. Code
116.29	150.17	68.72	24.28	0.00	PETROLEUM, CRUDE	2709000010
98.16	64.31	50.65	67.24	10.76	PETROLUEM,PARTIALLY REFIRED INCL.DISTILLED OIL	2710001010
30.59	14.77	10.78	22.89	16.62	OTHER RAW COTTON, NOT MIXED	5201000030
24.26	0.00	0.00	0.00	0.00	FUEL OIL (MAZOT)	2710001080
14.85	9.60	8.70	5.61	4.01	RAW COTTON,NOT MIXED GIZA 70	5201000026
2.05	0.00	3.40	3.11	0.00	COAL, COKE OF LIGNITE OR PEAT	2704000020
1.66	0.06	0.60	0.22	0.01	RAW COTTON,NOT MIXED,GIZA 85.	5201000019
1.59	1.32	1.10	0.08	0.00	EXPORTER MODEL.	5201000095
1.48	1.50	1.82	0.38	0.20	OTHER TANNING LEATHER OF BOV.OR EQUINE	4104390000
1.11	0.41	0.36	0.18	0.00	COPPER WASTE & SCRAP	7404000000
1.04	0.00	0.00	0.00	0.00	PROD.OF STEEL HOT ROLLED WIDTH >=600&THICK.>10	7219110000
0.56	0.16	0.17	0.12	0.00	ALUMINIUM WASTE, SCARP	7602000000
0.53	0.60	0.93	0.05	0.69	MARBLE & TRAVERTINE, CRUDE	2515110000
0.52	0.19	0.00	0.00	0.00	FERROUS WASTE & SCRAP OTHER	7204490000
0.46	0.00	0.00	0.00	0.00	FERRO-SILICON CONT.>55% OF SILICON	7202210000
0.46	0.00	0.00	0.00	0.00	LEAD WASTE & SCRAP	7802000000
0.42	0.00	0.00	0.00	0.00	REFINED LEAD, UNWROUGHT	7801100000
0.39	0.88	0.00	0.00	0.00	LEATHER WHOLE OF BOVINE TANNED TREATED WITH CHROM	4104101000
0.37	3.94	5.39	4.93	3.22	RAW COTTON,NOT MIXED GIZA 77	5201000022
0.22	0.59	0.07	0.00	0.00	LEATHER,WHOLE OF BOVINE OTHER	4104109000
0.21	0.05	1.67	0.91	2.80	CARBON	2803000010
0.20	0.05	0.03	1.04	0.10	ARTICLES, OTHER OF ALABASTER	6802219000
0.16	0.00	0.00	1.33	0.00	UNWROUGHT ALUMINIUM NOT ALLOYED	7601100000
0.15	0.11	0.21	0.14	0.21	RAW COTTON,NOT MIXED,GIZA 83.	5201000017
0.13	0.60	0.77	0.00	0.00	RAW COTTOON,NOT MIXED GIZA 80	5201000023
0.13	0.18	0.07	0.00	0.07	RAW COTTON,NOT MIXED GIZA 45	5201000011
0.13	0.01	0.26	0.00	0.00	PRINEED BOOKS & BROCHURES IN SINGLE SHEETS	4901100000
0.12	2.72	0.00	0.33	0.32	RAW COTTON,NOT MIXED GIZA 76	5201000021
0.07	0.00	0.17	0.27	0.18	SEEDS,CLAVER - TRIFALIUM SPP.	1209220000
0.03	0.00	0.00	0.00	0.27	NAPHTHALENE	2902901000
0.00	0.01	0.00	0.00	0.06	OTHER.ARTCL.OF PLASTIC	3926909000
0.00	0.00	0.00	0.00	0.99	UREA IN AQUEOUS SolutON	3102100000
0.00	0.00	0.00	0.00	0.07	OILS, ESSENTIAL, OIL OTHER	3301299090
0.00	0.00	0.00	0.00	0.08	INSECTICIDES NOT FOR AGRIC. PURPOSES NOT F.R.S.	3808109020
0.00	0.00	0.28	0.00	0.00	NEWSPEPER & PERIODICALS. APPR. 4 TIMES A WEEK	4902100000
0.00	0.36	0.00	0.47	0.34	RAW COTTON,NOT MIXED GIZA 75	5201000028
0.00	0.02	0.00	0.09	0.09	FLAX HACKLED BUT NOT SPUN	5301290000
0.00	0.00	0.00	0.00	0.11	AUXILIARY MCH. FOR PREP. TEXT. FIBR. & KNTTING.	8448190000
0.00	0.00	0.76	0.00	0.00	OTH.PARTS FOR TRANSMISSION,RADAR APPR.	8529909000
0.00	0.00	0.00	0.00	0.06	SYRINGES, WITH OR WITHOUT NEEDLOS	9018319000
298.343	252.606	156.898	133.662	41.274	Sub total	
300.25	254.23	158.01	134.46	41.60	TOTAL EXPORTS	

Sorting is acesending:

Source : C.A.P.M.A.S

Table 7

EGYPTIAN IMPORTS FROM INDIA

Value in million US

INDIA

JAN.-SEP. JAN.-SEP. 2002	2001	2000	1999	1998	Title	HS. Code
72.53	6.89	0.42	1.68	0.00	TUBES FOR OIL PIPEL.LONG.ARC WELD.OF IRN.>12 MM	7305119000
46.09	44.78	36.80	7.27	4.87	MEAT,BONELSS OF BOV..FROZEN	0202300000
17.34	0.13	0.05	0.14	0.06	GLOVES, SURGICAL	4015110000
15.63	27.97	0.00	0.00	0.00	CASING OF DRILG.FOR OIL OF IRON > 12 MM	7305209000
15.61	23.54	0.00	0.00	0.00	CASING OF DRILG. FOR OIL OF IRON < 12 MM	7305201000
4.46	3.38	0.00	0.00	0.00	DRUM WHEAT	1001100000
3.97	3.51	9.08	1.77	2.89	OTH. YARN SINGL <50 TURNM PRIM. COND NOT F.R.S	5402491000
3.62	2.14	7.98	5.34	9.20	PAPER-<10%FIBRE 40-150 G/M2FOR PRIN.&WRIT.	4802521900
3.04	1.01	0.00	0.00	0.00	HUMAN BLOOD & DERIVS. OF BLOOD OR BLASMA	3002901000
2.96	1.89	3.39	3.96	1.08	TYRES, PNEUMATIC RUBBER FOR BUSES,TRACTORS	4011200000
2.87	1.86	2.78	3.09	3.68	OTH. PARTS OF DIESEL OR SEMI. ENGINES	8409999000
2.51	1.92	1.13	2.34	1.53		4011500000
2.46	30.78	17.11	8.32	8.03	SEEDS,SEMSAME	1207400000
2.22	4.47	2.25	0.84	4.58	LEAF,TOBACO NOT STEMMED STRIPPED	2401109000
1.98	0.98	1.33	1.59	0.93	OTH.MCH.HAVING INDIVIDUAL FUNCTION	8479899000
1.84	0.00	0.00	0.00	0.00	LORRIES OTH.DIESEL OR SEMI <=5 TON , COMPLETE	8704219020
1.53	1.14	0.46	0.79	0.71	WOVEN FABRICS OF JUTE UNTE UBLEACHED	5310101000
1.50	6.21	6.58	4.01	2.25	YAEN OF JUTE OR OF TEXT.BAST FIBR.MULTPL.OR CABLED	5307200000
1.32	2.64	1.86	1.25	1.11	GUM,LAC	1301100000
1.30	2.13	2.59	1.84	0.58	OTH. YARN OF ARTIF.FIB.F.R.S.	5510900000
1.21	0.65	1.25	0.96	1.06	WALNUTS, SHELLED	0802320000
1.16	1.00	2.51	5.49	1.12	STAPLE FIB.,NOT CARD,COMB OR SPIN.OF POLYES.	5503200000
1.11	1.28	1.86	3.79	4.37	OTH. PARTS OF BICYCLES &MOTORCYCLES	8714999000
1.06	2.66	5.20	0.77	0.01	POLYSTYRENE OTH.THAN EXPANSIBLE IN PRIM.FORM	3903190000
1.04	0.99	0.84	1.10	1.55	DYES, REACTIVE OF SYN. ORG. & ITS PREPS	3204160000
0.94	0.81	1.04	0.77	1.35	TRANS MISSION SHAFTS INCL. CAM SHAFTS& CRANK SHAF	8483100000
0.90	0.80	1.98	1.03	0.00	GAS METERS	9028100000
0.86	1.42	2.45	1.90	0.42	MORIZONTAL PUMPS WITH CENTRIFUGAL TO 14 INCH.	8413701000
0.82	0.70	0.99	1.06	0.58	OTH. PARTS FOR MOTOR VEHL.	8708999900
0.80	0.56	1.05	0.19	0.24	BARS OF STAINLESS STEEL COLD ROLLED	7222200000
0.75	0.91	0.76	1.88	2.14	OTH.YARN OF POLYEST.STAP.FIB.F.R.S.	5509590000
0.70	1.12	0.53	2.36	5.18	ACID, PHORPHORIC	2809201000
0.65	1.02	1.36	0.17	0.09	YARN CABLED OF VISCOSE RAYON NOT F.R.S	5403410000
0.50	1.13	0.27	0.33	0.04	OTH.YARN OF SYNTH.STAP.FIBR.F.W.S	5509990000
0.45	0.50	1.23	1.18	0.86	COFFEE, NOT ROASTED,NOT DECAFFINATED	0901110000
0.43	0.68	1.01	1.21	1.33	VESPA WITH ENGINE>50:250C.C 2CYL COMPL.	8711201021
0.39	0.59	0.68	1.67	1.40	SING. YARN CONT.>=85% ARTIF. FIB. F.W.S	5510110000
0.38	2.56	5.02	0.17	0.04	BLOCKS,GRANULES & POWDERS OF POLYPROPYNL.	3902100020
0.36	0.41	0.79	1.04	1.61	PISTON FOR DIESEL OR SEMI. ENGINES	8409991000
219.309	187.161	124.623	71.308	64.898	Sub total	

Sorting is acesending:

Source : C.A.P.M.A.S

EGYPTIAN IMPORTS FROM INDIA

Value in million US

INDIA

JAN.-SEP. JAN.-SEP. 2002	2001	2000	1999	1998	Title	HS. Code
					OTH.SYN.FIB.F.W.S	
0.00	0.00	0.93	0.00	0.00	SEMI-FINTSH PROD.OF IRON PIECES COUT>=0.25% CR.	7207200010
0.00	0.00	0.00	8.33	4.25	TUBE LONGTLY. WELD.OF IRON<12 MM,NOT FOR HIGH PRS.	7305319100
0.00	0.00	0.00	9.26	6.72	TUBE LONG. WELD. OF IRON=> 12MM EXCP. HIGH PRS.	7305319900
0.00	13.62	0.00	0.00	0.00	TUBES, EXCP. WELD. OF IRON EXCP. HIGH PRS=>12 MM	7305909900
0.00	0.00	0.00	1.15	0.44	DISTILLING OR RECTIFYING PLANT.	8419400000
0.00	2.11	0.00	0.00	0.00	MOBILE LIFTG. FRAMES ON TYPES & STRADDLE CARRIES.	8426120000
221.733	217.511	167.069	194.879	219.804	Sub total	
283.76	283.72	230.71	269.07	295.86	TOTAL IMPORTS	

Sorting is ascending:
Source : C.A.P.M.A.S

Source : C.A.P.M.A.S

Bilateral Preferential Trade Agreement (PTA)

India and Egypt have been examining the feasibility of concluding a Preferential Trade Agreement (PTA) for some time. This issue figured in the discussions between Minister for Commerce and Industry of India and the Foreign Trade Minister of Egypt, on the 10th January 2002 in Bangalore during the latter's visit to India in connection with the Partnership Summit organized by the CII. Formal discussions were held between the delegations of the two countries in New Delhi on the 15th January 2002 on the issue of concluding a PTA between the two countries during which it was decided *inter alia* to negotiate the PTA and to further discuss the draft text of the PTA, Rules of Origin, WTO obligations and commitments and identification of commodities of mutual interest on which tariff concessions can be exchanged.

Since then, two rounds of negotiations have been held on this issue. In the last round of negotiations held in New Delhi in April 2003, both sides made suggestions on the texts of the Agreement and Rules of Origin as well as the Article on Safeguards which would be further discussed in the next round of talks. Both sides agreed to employ ways and means to abolish Non-Tariff Barriers to enhance trade volumes (Government of India, Ministry of Commerce, 2003).

II.3 India-Egypt Investment Cooperation

There is a substantial presence of Indian projects and joint ventures in Egypt. According to the Egyptian general authority for foreign investment approximately \$330 million in 43 projects have been invested. Some of the prominent ones are enlisted in Table 8.

Notable joint ventures between the companies of the two countries include GRASIM Ltd. of India and TRESCO and ATC of Egypt for manufacture of Carbon Black in Egypt, ESSEL of India and Mashoor Pack of Egypt for manufacture of laminated tooth paste tubes, tie-up between TELCO of India and Ghabbour Bros and ETAMCO of Egypt for assembling pick-up trucks and mini buses. In addition, Indian companies like Kirloskar Bros., Ballarpur Industries Ltd., UTI, SAIL, PAL, RANBAXY, Dabur India, etc. have obtained approvals or signed MOUs for setting up manufacturing units in Egypt in their product sectors. Egypt's becoming a member of COMESA has posed challenge for Indian exports to Egypt but has opened vast market for Indian JVs located in Egypt (Government of India, Ministry of Commerce, 2003).

Table 8: Indian Investments in Egypt

Alexandria carbon black Company	Set up by India limited with TRENCO and ATC as Egyptian partners has been the leading example of successful joint venture between India and Egyptian companies started its production in July 1994 and increased its capacity to three times in July 1997. 90% of its production is exported to over 30 countries. Its annual exports of LE 120 million has made ACB the top exporting Egyptian chemical company in the private sector, accounting for about 1.5% of total Egyptian non- oil exports
OBEROI group	Have been operating hotels and Nile cruises successfully in Egypt
International chemical company	Easel of India, manufacturing sodium triphosphate; has set up a joint venture for manufacturing laminated tooth pastes tubes for Proctor and Gamble in Egypt;
Dabur India Ltd	Has established a 100% owned facility for the production of its cosmetics line;
Niltex,	A 100% Indian company manufacturing PVC water-storage tanks.
M/S. auto tech engineering	Another 100% Indian company manufacturing auto valves.
Kirloskar Brother	Is into assembly of diesel engines and irrigation pump sets in Egypt.
Telco	Has tied up with a local private sector company, Etamco, for assembling pick-up trucks and mini buses.
Unit Trust of India	Has established a joint venture company in the field of mutual Funds.
Ranbaxy	Has an Egyptian subsidiary for manufacturing pharmaceutical formulations
Ashok Leyland	In collaboration with Egyptian company, engineering automotive Manufacturing company, are assembling and selling vehicles in Egypt.
NIIIT and recently Aptech	Have established their offices in Cairo, are running IT. Centers and providing high quality training programmes. A significant number of Indian professionals in Egypt working in multinationals and Indian joint Ventures.
Others	A number of other joint venture projects are under consideration in the fields of fertilizers, acrylic fiber, rock phosphate etc.

II.4 India-Egypt Private Sector Cooperation

A high- powered Egyptian delegation led by Minister of Trade, Mr. Youssef Boutros Ghali, participated in the CII Partnership Summit 2002 held in Bangalore. The delegation also visited New Delhi and held bilateral meetings with different Ministers and the Prime Minister of India. A business interaction was held in Delhi under the umbrella of Federation of Indian Chambers of Commerce and Industry.

The delegation visited several high technology industrial units and training institutes. A high-powered CII delegation led by Mr. Rahul Bajaj visited Egypt from May 20-23, 2002 at the invitation of Minister of Foreign Trade Dr. Youssef Boutros Ghali.

II.5 Indo-Egypt Science and Technology Cooperation

There has been extensive interaction between the two countries in the area of Science and Technology Cooperation. Inter-governmental Agreement on S & T Cooperation was concluded in Cairo on 16th October 1995. Executive Programme of Cooperation in Science and Technology (POC) for the year 1997-99, was concluded in New Delhi in 1997 identifying Biotechnology, Petroleum Technology, Oceanography and Metallurgy as fields of cooperation. New Executive Programme of Cooperation in Science and Technology (POC) for the year 2001-2003, was concluded at the first meeting of Joint S & T Committee (JSTC) meeting held in Cairo in June 2001 identifying Biotechnology, Petroleum Technology, Oceanography and Metallurgy as fields of cooperation.

Seven bilateral workshops on “Oceanography” (Alexandria and Cochin), “Petroleum Technology” (Cairo and Dehradun), “Biotechnology” (Cairo), and “Advanced Materials” (Hyderabad and Cairo) have been organized so far. Memorandums of Agreement on Arabic translation of Indian science popularisation books and audio/video programmes were concluded in December 1998 with two Indian organizations, namely Vigyan Prasar and National Institute of Science Communication (Government of India, Ministry of Science and Technology, 2003). Several project proposals for in-depth joint research and study in specific areas have been exchanged between the two countries.

II.6 India-Egypt Trade Point Interactions

Both India and Egypt have developed Trade Points as a part of their trade facilitation programmes. Both the countries have also interacted on this dimension and a strengthening of this process could possibly act as a catalyst to the trade cooperation programme between the two countries which is envisaged. Keeping this in mind, we present a brief profile of the trade points in both the countries.

Egyptian International Trade Point (EITP)

The trade point programme started according to the declaration of the United Nations Conference for Trade and Development (UNCTAD) held in Cartagena, 1992. Egypt was chosen to be among the first 19 countries to establish a Pilot Trade point (TP) by UNCTAD. EITP started operation officially in September 1994.

The Global Trade Points Network (GTPNet) was launched officially during the United Nations International symposium on Trade Efficiency (UNISTE), in 1994, to interconnect trade points around the world. The World Trade Point Federation was established in 2001.

The trade point is a hi-technology center for facilitating trade transactions by using the latest technology to exchange information. It is a gateway to global networking as trade points are interconnected in a world wide electronic network among about 167 trade points located in 110 nations through the Global Trade Points Network (GTPNet). It also serves as a one stop center, where businessmen can receive all services related to international trade.

EITP is linked with other trade points via GTPNet. It is linked electronically with the most of commercial representation offices abroad. Several conventions bind EITP with many other trade centers, such as International Trade Center (ITC) in Geneva, Intra-Arab Trade Information Network (IATIN) in Abu Dhabi, The trade on-line network (G15/ D8/COMESA). EITP is establishing a local area network LAN to be linked with Egyptian Trade points in different industrial zones.

EITP promotes Egyptian products with have competitive advantage. EITP distributes the trade and investment opportunities to Egyptian businessmen and to the small and medium enterprises SMEs. It offers databases covering not only trade transactions stages , but also the pre-trade stages; these include market information options, price statistics ,insurance facilities, credit availability, foreign trade regulations, foreign trade statistics, domestic manufactures / exporters directories ,domestic economic indicators, tariff rules and regulations, quality control regime and commodities specifications. EITP prepares economic studies classified according to countries or commodities. It also participates in almost all national, regional and international exhibitions. It provides databases containing available investment locations and projects as well as their laws and regulations. EITP has produced an electronic product catalogue on CDs and on-line Internet to promote Egyptian products by disseminating these CDs for potential partners all over the world.

Indian Trade Point

National Center for Trade Information (NCTI) is recognized as Trade Point–India by the Ministry of Commerce, Govt. of India, under the Trade Efficiency Programme of United National Conference on Trade and Development (UNCTAD). NCTI is the only Operational Trade Point in India and is also the recognized Focal Point of Trade Analysis and Information System (TRAINS) of UNCTAD.

Over 500 Electronic Trade Opportunities (ETOs) are disseminated every week after due processing and value addition by NCTI. Live trade leads assimilated from the Global Trade Point Network (GTPNet), Internet and other sources are examined and arranged under 99 HS Chapter Headings. The operative portion of the enquiry (whether an overseas offer or demand) are provided to NCTI members mainly in the form of Product of Interest, Country of Origin and Contract Details.

Under a special service, Electronic Trade Opportunities (ETOs) downloaded by NCTI, processed and categorized in different product groups are E–mailed along with complete terms on a daily basis to subscribers.

Entering into Memorandum of Understanding (MoUs) for exchange of trade related information with similar Government Organizations in other countries under the aegis of both Governments to develop a channel of communication for the international trading community on both sides has been an important instrumentality of cooperation between NCTI and other Centres. Some of the countries include: Cyprus, Bulgaria, Turkey, Belarus, Sri Lanka, Hungary, Australia, Austria, Jordan etc.

NCTI has evolved specialization in compiling value added reports based on trade statistic both bilateral, as well as Global Trade Statistics provided by UNCTAD through TRAINS and PC–TAS. NCTI has also compiled various study reports covering statistical analysis/market studies/list of importers etc. for Ministry of Commerce, Govt. of India, Export Promotion Councils, Chamber of Commerce as well as the Small Scale Industries in the Private Sector.

NCTI is also specialized in carrying out analysis of trade statistics at the country and regional level encompassing global imports and bilateral trade with India. NCTI has recently carried out in depth market studies for the Engineering as well as Dyes and Chemical sector for the Latin America.

Egypt and India as members in the World Trade Points Federation WTPF

The trade points worldwide decided to create the World Trade Point Federation (WTPF), a non-profit international organization that is meant gradually to take over the programme from UNCTAD and manage it on behalf of its members – Trade Points.

In accordance with its statutes, the federation is committed to continuing the programmes developmental goals and its assistance to weaker players, and intends to cooperate with the United Nations. The linkage with the developmental work of the United Nations will be ensured through UNCTAD's advisory seat on the federation's steering committee.

Both India and Egypt are represented in the Steering Committee Bureau of the WTPF with the Technical Director from Egypt and Marketing Director from India.

Members of the technical committee have been appointed by trade points in Bulgaria, China, Costa Rica, Cote d'Ivoire, Egypt, India, Italy, Jamaica, Jordan, Lebanon, Malta, Mexico, Senegal, Turkey, Tanzania and Venezuela.

It is evident from above that India and Egypt have so far cooperated intensively in the area of trade points. However, there is rich potentials to strengthen the bilateral cooperation on this dimension.

III. Potentials for SMEs Cooperation: A Special Focus

Small and Medium Enterprises (SMEs) have played significant roles in the economies of Egypt and India. Their importance in terms of export performance, employment generation, output etc. in these countries is rather well known. Given the experiences of the two countries it would be worthwhile to accord a special focus for cooperation in the area of SMEs. For this purpose, an attempt has been made to understand the significance of SMEs and policies designed for their development in both the countries.

Egyptian SMEs

Small & Medium Enterprises are a critical component of the government of Egypt's economic reform and trade liberalization programs. SMEs' contributions to employment creation, productivity improvement, and income generation are under utilized in Egypt at a time when economic transformation is shifting the onus for productivity from the public sector to the private sector.

Egypt's population growth and economic restructuring make the creation of substantial new employment opportunities a necessity. To do so, Egyptian enterprises must favorably face increased competition in both domestic and export markets through improvements in product quality and work place efficiency. Sheer survival in these business conditions forces both large companies and SMEs to restructure themselves in order to meet the global competition.

While SMEs constitute more than 99% of all non-agricultural private enterprises in Egypt and account for nearly three-quarters of new employment generation, the sector suffers from inadequate resources and inefficient labor utilization. This necessitates the adoption of development strategies and policies that make the economic environment conducive to SMEs growth and integration in the mainstream economy.

Therefore, creating an effective services system that will support SME efficiency is critical to achieving the policy and strategic objectives of programs that target this sector. Accordingly, developmental efforts should focus on the quality and sustainability of services as well as focusing on increasing the number of beneficiaries that receive support. Such programs should include a wide array of services including skills development, marketing, technology upgrading and transfer, business advisory services and start-up assistance, technical counseling, promotion of linkages and networking, and business and technology incubators.

Egypt's economic growth is not enough to meet the challenges imposed by the growing international economy. Growth is still below rates necessary to reduce unemployment and/ or absorb new entrants into the labor forces. The Government of Egypt (GOE) must increasingly turn to the private sector as the stimulus behind growth and development and accordingly to SMEs as an important engine for economic expansion and poverty alleviation. SMEs tend to be concentrated in relatively labor-intensive activities, so they play an important role in creating and mitigating unemployment.

However, SMEs were not previously targeted for support under Egypt's industrial or social development program, which were biased toward capital-intensive projects. As a consequence, opportunities to maximize SMEs contributions made by this dominate sector were forgone. The result has been a sector characterized by small fragmented firms with weak linkages across productive clusters and supply chains.

Even so, SMEs in Egypt enjoy a dynamism that justifies their support in long-term development strategy. Support for SMEs usually aims to assist in the creation of

employment opportunities in general and for the employment of marginal populations in particular.

GOE's strategic plan for SMEs development includes Institutional infrastructure, Creating a level playing field, laws and regulations helps define social structures and many have strong economic impacts and Targeting public expenditure to use scarce resources effectively. However, the government needs to design a clear, coordinated strategy for SME development that carefully separates equity and efficiency objectives.

SMEs in India

Despite the importance of SMEs in India in an unregulated market free from policy support interventions, SMEs face inadequate availability of credit, and higher cost of credit, compared to large enterprises. This stems from the poor quality of credit information associated with SMEs; higher associated risk perceptions, and economies of scale in credit appraisal, sanction and disbursement.

To meet the credit needs of this sector the government has set up a large network of specialized financial institutions, besides stipulating lending targets for commercial banks towards this sector. The credit needs of SMEs are in the form of short-term finance for working capital, and medium or long term finance for plant /machinery, modernization / expansion, etc.

A large number of financial institutions are engaged in providing financial support to this sector. It comprises State Financial Corporations (SFCs), Small Industries Development Corporations (SIDCs), and the corporative banks at the state levels. At the national level, commercial banks provide working capital and term loans, while Small Industries Development Bank of India (SIDBI) provides refinance for credit to SMEs, extends direct credit assistance, and co-ordinates the various financial support initiatives for the small scale sector. There are some sector – specific institutions like National Bank for Agriculture and Rural Development (NABARD) and Khadi and Village Industries Corporation (KVIC) that extend support to rural and village industries. The Exim Bank of India offers several financial and promotional assistance directed at the SME sector. Hire purchase and leasing services are provided by National Small Industries Corporation (NSIC) and Non-banking Finance Corporations (NBFCs).

India also has developed a full-fledged Marketing Support Infrastructure, Export Marketing Support Services and Technology Support Infrastructure.

Thus, it is amply clear that there is a scope for cooperation between the two countries to induct dynamism in the SMEs sector.

IV. Constraints in Bilateral Cooperation

During the course of the Study the following constraints were identified in the context of India-Egypt economic cooperation:

- Lack of Adequate Interactions among Private Sector, Policy Makers and Think Tanks
- Lack of Information on Markets, Economic Statistics, Business People, Economic Policies, Economic Research
- Lack of Information on Economic Complementarities
- Lack of Adequate Institutional Mechanism
- Existence of Tariff and Non-Tariff Barriers
- Insufficient Investment Relations
- Lack of people-to-people contact

V. Policy Recommendations

The following policy recommendations could possibly enhance the profiles of Indo-Egypt economic cooperation:

- Strengthen and Expedite Setting in place India-Egypt Trade Agreement with special focus on Agro and Food Processing, Auto Components, Garments, Leather Manufactures, Light Engineering Goods, Low-cost Building Materials, Pharmaceuticals and Chemicals, etc.
- Creating a Consortium for Development of IT.
- Exchanging Capacity Building Training Programmes.
- Creating and Exchanging Data and Statistical Bases.
- Promotion of e-commerce.
- Setting up a Committee on SMEs Cooperation.
- Evolving a Common Fund for Technological Adaptation and Absorption Activities.

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A Brief Profile of Egypt

Egypt has been the center of trade and enterprises in the Middle East and its location between the countries of Africa and Asia remain the crossroad between the east and the west, with the population of over 65 million.

Since the beginning of recorded history, Egypt has been distinguished as one united land.

Throughout its history, Egypt has been the center of attention of adversaries, whether Hyksos, Persians, Greeks, Romans, Turks, French or British.

Its modern history saw it transformed into a province of the Ottoman and British empires, but Egypt remained a unique and distinct geographic and cultural entity.

Indeed, it has frequently shown a resilient capacity to absorb its foreign rulers. Cleopatra was of Greek descent, yet fought the Romans in Egypt's name. Mohamed Ali, of Albanian origin, is the father of modern Egypt.

History has engraved its wisdom in the minds of all Egyptians. Heterogeneous origins and cultures provided the fiber from which the social fabric was woven.

Various ethnic groups still fulfill their special roles within the whole structure, maintaining their own identity and cultural distinctiveness; yet, in the land of three religions, the different ethnic groups have all participated in shaping society.

Known as the world's most wondrous open air museum, Egypt is home to the vestiges of Pharaonic, Coptic, Byzantine, Roman and Islamic cultures. Visitors can travel through time without taking a step, and complete the layers of history that various civilizations have accumulated over the centuries.

Modern Egypt has always been a regional power and also has the largest single market in the region, it is rich in human resources, its businessmen are experienced in the markets of its neighbor countries, and it possesses a good mix of semiskilled, skilled and highly qualified workforce.

Egypt's reseat global integration offers rewarding gains in economies of scale for both industrial and trading businesses, by setting up an office or investing in Egypt, a business can profit from the growing domestic market of the Arab countries or the modernizing African countries, and expand on the existing trade links with European country and the united states (USA)

Country Factsheet

Country Name	The conventional long form is Arab Republic of Egypt; the conventional short form is Egypt.
Capital	Cairo
Area, location and Geographic features	The location of Egypt is in North Africa, bordering the Mediterranean Sea, between Libya and the Gaza Strip. straddling a global trade crossroad; Egypt is a major commercial and trans-shipment destination. It occupies the northern corner of Africa, and is bordered by the Mediterranean to the north, Palestine, Israel, the Gulf of Aqaba and the red sea to the east, Sudan to the south and Libya to the west. The country thus occupies the crossroads between Europe, Africa and Asia.
The total area	The total area equals 1.001.450 sq.km as land and 6.000 sq.km as water, serving as a vital link between Africa and Asia.
The main areas in Egypt	Egypt is divided into four main areas: -The Nile valley -The Eastern Desert -The western desert -The New delta in the southeast
There are 26 govern orates in Egypt	There are 26 govern orates, 96% of the country is desert, but the Nile runs through it from north to south forming fertile delta valley, while the Sinai peninsula is separated from the rest of the country by the Suez canal.
Languages	North of Cairo. The Nile splits into several tributaries, the main two being the Damietta and the Rosetta branches, which eventually flow into the Mediterranean. Arabic (official), English and French (Egypt is a member in the franc phones countries) widely understood by educated classes.
Currency	The unit of currency is the Egyptian pound, which is divided to 100 piasters .the Egyptian pound is freely convertible. The change rate is decided to the demand and supply market.

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