A Political Economy of Trade Imbalances in Egypt, 1848–2024: A Ruler-by-Ruler Analysis of Structural Change, External Dependency, and Economic Transformation.[1]

Dr. Khaled A. El-Mattrawy
Lecture in Department of Economics - Modern University for Information and Technology

Dr. Bahy M.Yassin
Lecture in Department of Economics – faculty of Commerce - Banha University

Dr. Adham M. El-Bermawy
Assistant Professor, Department of Economics and Public Finance
Higher Institute for Management and Information Technology, Kafr El-Sheikh

Abstract:

This study delivers a thorough historic and economic investigation of Egypt's trade balance from 1884 to 2024, about nearly 140 years of structural economic changes, political alterations, and global incorporations. It analyzes the historical progression of Egypt's trade balance, shaped by elements including colonial dependency, liberalization policies, post-independence nationalizations, political instability, and economic reforms. The key aims of the study are to outline the fluctuations in Egypt's trade balance over time, assess the effect of geopolitical and economic transformations on the economic structure, evaluate the sustainability of deficits and surpluses, and gain economic insights to enhance the competitiveness of Egypt's exports.

To achieve the study goals, the researchers use a method that combines digging into history with statistics from places like the Central Agency for Public Mobilization and Statistics (CAPMAS), the Central Bank of Egypt (CBE), United Nations trade databases, and old records. The study looks at trade by breaking it down by who was in charge, from when Abbas Hilmi I had extra agriculture goods (mainly Cotton) to export to Sisi's time when there's a growing shortage.

The findings show that Egypt has had a constant shortage, mainly because it sells raw materials (like cotton being the big thing until the 1970s) and buys manufactured goods. This has been made inferior by oil prices going crazy, a increasing population, and political problems. The study points out that Egypt is simply hurt by fluctuations in world goods prices and problems with its own systems. The policy advice stresses that it's important to sell a wider range of products, put money into education and skills, and update technology to create a trade balance that can last, which will help the country grow and be the trade partner with the world.

Keywords: Trade Balance, Egyptian Economy, Political Changes.

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1. Introduction:

Economics studies because some countries are happier and enjoy better living standards than others. It tries to show us how to improve living standards, benefit from growth, and understand the consequences of fiscal policies. Political economy is similar to other sciences in some ways, but it differs because it deals primarily with money: how to best manage it and how to use other sciences to acquire it. Some people misunderstand political economy, thinking it's only about money. Political economy is about understanding how current decisions affect the future, hopefully for the better. Look at England—much of its wealth stems from following the ideas of Adam Smith in his book, "The Wealth of Nations". He explained the importance of free enterprise and trade. Almost a century has passed since he wrote that book, and his ideas are still relevant. If people don't understand the basics of political economy, they create their own rules, which may not work. This illustrates why we need solid principles to guide our actions. We can also learn a lot from history to help us make the right choices today. In general, political economy considers four key aspects: resources, what people buy, how income and wealth are created, and how they are distributed. To understand this, we must consider a range of factors, such as trade with other countries, because this demonstrates how interconnected we are with the global economy.

Global trade strengthens the international economy and can be a vital engine for national economic growth. Promoting international trade allows countries to allocate resources efficiently, achieve economies of scale, enhance human capital, and diffuse knowledge. This fosters technological advancement, supports competition at both the national and international levels, improves production processes, and facilitates the development of new products. The trade balance is one of the most important macroeconomic indicators, revealing the performance of an economy and its integration with the global economy. It also demonstrates how production, technology, and structure have changed over time. Studying Egypt's trade balance from 1884 to 2024 is particularly important due to the valuable details it provides. Its impact extends beyond political and economic systems, offering crucial insights into production structures, trade policies, financial transactions, and the role of the state in economic activity.

The dramatic events in Egyptian history from the 19th century to 2024 have been the subject of numerous studies and research papers, scattered across journals, correspondence, and accounts by French and English travelers, as well as official documents, publications, and books of varying perspectives. A country's integration into the global economy is often considered a decisive factor. Since the late 19th century, Egyptian foreign trade has been linked to an economic structure primarily based on exporting raw materials, exclusively cotton, and importing manufactured goods, leading to historical imbalances in its external trade. This pattern has subsequently been affected by several fundamental variables, including periods of occupation, 20th-century reforms, nationalization and central planning policies following the 1952 revolution, economic liberalization in the 1970s, structural reforms in the 1990s, and, finally, the more recent economic reform programs implemented after 2016. These subsequent phases have resulted in trade imbalances in terms of volume, trajectory, and sustainability.

Economic literature has revealed that the trade balance is inclined by some vital factors, including production levels, technological progresses, efficiency, exchange rates, GDP, competitiveness, trade policy, and global economic fluxes. Economic theoretical frameworks, such as Ricardo's theory of comparative advantage, the new trade theory, and the endogenous growth model, highpoint the status of export capacity, improved export volume, and reduced import deficits. Long-term trade balance theory emphasizes that structural shocks, technological innovations, and changes in terms of trade affect imbalances over time. A recent study in Egypt demonstrated that the persistent trade deficit is primarily attributable to an economic deficit in consumption and capital imports, excessive reliance on fixed assets, and institutional problems related to efficiency and governance.

This study inspects Egypt's trade balance from 1884 to 2024, given the prosperity of motivating facts. It discovers crucial historical shifts, evaluates sustainability assumptions of trade balance, and detects the chief swaying economic factors. Additionally, it delivers a close look at the history of the Egyptian economy, how the trade deficit has altered over time, and how to formulate effective trade and economic policies for the future. However, it not only offers a comprehensive and long-term study of Egypt's trade balance during the period 1884–2024, but also enriches the research by aligning historical data with contemporary economic and historical variables to understand the factors influencing trade balance fluctuations across diverse economic systems.

2. Literature Review:

The development of Egypt’s trade balance during the period 1884–2024 echoes more than a century of structural fluctuations in economic policy, international market integration, political changes, and variations in productive capacity. While a comprehensive body of past and present literature explores various events in Egyptian economic development, few studies have tracked the trade balance over this long period. This review offers relevant historical and economic accounts, empirical trade studies, and methodological contributions to establish an analytical framework for a long-term examination of the dynamics of Egypt’s trade balance.

Historically, Egypt's integration into the international economy in the late 19th century was mainly shaped by the international demand for cotton. Researchers like (Essawy, 1982) and (Owen, 1993) contend that cotton exports were the primary influence on the foreign sector from 1880 to 1914, leading to fluctuating trade surpluses associated with global price cycles. The researches contend that Egypt's inadequate export base reduced it susceptible to international price fluctuations and colonial commercial practices. (Tignor, 1977) illustrates that the British occupation solidified a structural reliance on a narrow spectrum of primary exports, concurrently with an increase in imports of manufactured commodities, resulting in a chronic structural trade deficit. Research indicates that the major commerce structure was undiversified, and this legacy continued into subsequent periods, as the economy faced challenges in establishing a strong industrial export foundation.

During the mid-20th century, the 1952 revolution and the adoption of import-substitution industrialization (ISI) constituted a fundamental element of the Egyptian commercial framework. According to Abdel-Malek (1968) and Waterbury (1983), Nasser's development plan prioritized state-directed industrial production, stringent import regulations, and the preeminence of the public sector. Imports of capital goods and intermediate inputs increased, whilst export performance remained stagnant due to the diminished competitiveness of manufacturing. (Hanafi, 1998) signposts that, even with strong industrial development initiatives, the export structure mostly consisted of agricultural products, so constraining the ability to generate foreign exchange. This caused a sustained trade deficit during the 1950s and 1970s, chiefly funded by foreign aid & loans.

Additionally, the shift toward an open-market policy under Sadat reign in the 1970s led to another transformation in Egypt's external sector. (Ikram, 2006 and Waterbury, 2008) note that the period of economic liberalization proverb swift import growth, driven by augmented domestic demand, oil price shocks, and huge remittances from workers abroad. Although these inflows provisionally upgraded external disparities, the trade deficit widened due to amplified imports of consumer and capital goods. (Alissa, 2007) argues that the imperfect nature of trade liberalization—coupled with inadequate improvements in the export sector—resulted in a critical dichotomy: an open import regime and weak export efficiency. Therefore, studies suggest that liberalization exacerbated external vulnerability without bringing about the necessary structural changes to diversify exports.

During the 1980s and 1990s, Egypt underwent structural adjustment programs (SAPs) supported by international institutions. Realist contributions by (El-Sakka, and McNab, 1999) and (Dota, and Ahmed, 2004) demonstrate that trade liberalization, currency devaluations, and fiscal reforms boosted export responsiveness, but adjustments were uneven and often constrained by supply-side bottlenecks. (Behmani-Oskoui, and Niromand, 1998) bargain evidence that the Marshall-Lerner condition tends to hold true in Egypt over the long term, concluding that currency devaluation can restore trade equilibrium, yet short-term elasticity remains weak. These results highlight the status of exchange rate flexibility and competitiveness for refining the trade balance, a recurring theme in studies examining the post-2000 period.

Lately, many studies have explored the key factor in Egypt's trade balance and external sector performance using econometric methods. (Kandil, 2009) highlights the flaring of exchange rate volatility at the macroeconomic level, representing that currency depreciation only slowly swells exports, whereas inflationary pressures lessen their overall efficiency. Other studies based on the ARDL model (e.g., Dash and Nagdi, 2014; Ibrahim, 2018) indicate that growth in domestic income typically leads to a sharp rise in imports, while growth in global income temperately supports Egyptian exports, undesirably impacting their limited integration into global value chains. (Hessted, 1992) asserts that analyzing the balance of trade necessitates an investigation of the long-term association between exports and imports as a measure of external account sustainability, hence prompting the application of cointegration and error correction models.

A significant area of research addresses the methodological challenges of examining long-term macroeconomic time series data for Egypt. (Madison, 2007), and more recently (Bolt and van Zanden, 2020), reconstructed historical national accounts data prior to the 1950s, although many economic historians (such as Owen and Essawy) present trade statistics derived from colonial records. These sources differ in units, methods of valuation, and price bases, necessitating careful correlation and deflationary methods. Contemporary econometric research highlights the need to consider structural discontinuities arising from major political and economic changes.

Moreover, terms of trade shocks, principally food and energy price shocks, play a vital role in the fall of trade balance activities, given Egypt's reliance on imports of wheat, machinery, and fuel (World Bank, 2020). The study also highlights the growing impact of non-trade foreign revenues, e.g., Suez Canal revenues, tourism earnings, remittances, and FDI, on Egypt's overall external position. As stated by the International Monetary Fund (2016, 2023), these flows regularly offset the goods trade deficit and reduce external vulnerability, but they are highly sensitive to global and regional shocks. Empirical studies by Hassan and Mahmoud (2019) and Ghoneim, et al. (2021) disclose that these service sector revenues typically display better short-term resilience than goods exports, confusing the explanation of long-term trade balance variations.

Finally, a considerable attention has been paid to studying the impact of the trade balance on economic growth. This is because it is not only an important indicator of national competitiveness but also crucial for assessing a country's economy and its relations with the rest of the world (Topali & Dogan 2016; Champa 2016; Akbas & Libi 2015). Previous studies have often shown positive results for trade on economic growth (Michel & Cestos 2004; Oyo-Oyo 2008; Andersen & Babula 2009; Cetintas and Parisek 2008; Sun & Heshmaty 2010; Bos & Kizger 2012; Bekari 2017; Bekari et al. 2019a, 2019b), while other studies have found a negative impact of the trade deficit (Abbas & Raza 2013; Bekari, & Taba, 2019).

3. Research Gap:

Taken together, the literature discloses more than a few gaps.

a. Though several historical records document exact events of Egypt's trade progress, very few researches fit in the whole period from the late 19th century to the present within a sole economic context. Where, most empirical investigates concentrate on post-1980 or post-1990 data, leaving the long-run performance of the trade balance underexplored.

b. The interface of merchandise trade with non-trade external flows (Suez revenues, tourism, remittances) remains not sufficiently seized in long-term studies.

c. Many researches oversee the standing of structural breaks, in spite of Egypt's history of recurrent changes in policy regime, geopolitical context & global-market integration.

Addressing these gaps necessitates a methodological approach that combines historical modernizations, break-a long time-series, and a broad set of macroeconomic determining factor.

4. Research Problem:

Egypt's trade balance suffers from a long-lasting deficit due to its dependence on a precise set of commodity exports, mainly primary goods, and imports of manufactured and capital goods. In spite of economic shifts, changes in policies, and economic reforms intended to rebalancing the trade balance dynamics, Egypt continues to practice trade disparities that may be driven by more complex structural and cyclical factors than previously thought. Most Egyptian studies on foreign trade tends to focus on fragmented sub-periods (such as post-1960, post-liberalization, or post-2016 reforms), leaving a gap in knowing Egypt's long-term path & historical developments. Traditional short-term studies often overlook structural disruptions caused by weighty historical events, including the colonial period, the 1952 revolution & state planning, the era of economic liberalization in the 1970s, the IMF-led stabilization measures of the 1990s, and the post-2016 reform program. So, a inclusive & long-term study of Egypt's trade, political & macroeconomic causes over more than 140 years is essential. This is due to the importance of historical knowledge in identifying the paths of development of the Egyptian trade balance & in reaching lessons learned to contribute to Egypt's formulation of its future trade & economic policies.

5. Research Importance:

Economic literature shows that the trade balance is an important macroeconomic indicator of regional performance and global connectivity. Competitiveness, productive capacity, consumer behavior and foreign demand affect the trade balance over time. Accordingly, the balance of trade controls changes in economic systems, changes in technology and technological improvement or decline, and the domestic economy also adjusts to global economic trends.

Egypt's trade balance from 1884 to 2024 provides a unique examination of Egypt's economic history and structural development. Egypt's 140-year political and economic crisis has affected global trade. By the end of the 19th century, exports of cotton and imports of manufactured goods created external imbalances in Egypt. Foreign occupation, nationalization and central planning (economic liberalization) since 1952, 1970, structural adjustment reforms in the 1990s and comprehensive trade reform in 2016.

The long-run balance of trade is central to understanding how economic systems, institutional changes and policy directions affect economic stability, restructuring and external vulnerabilities. International and domestic studies show that real GDP, productivity, technological progress, exchange rate volatility, competitiveness, and trade policy affect the trade balance (Krugman, Obstill, & Melitz, 2018). Ricardian comparative advantage, current trade theory, and endogenous growth model, export capacity, human capital accumulation, modernization and technological efficiency affect long-run externalities. Empirical studies link Egypt's trade deficit to high import dependence, export skills, institutional effectiveness, and control constraints.

6. Research Goals:

The predominant aim of this study is to deliver a wide-ranging and historically grounded econometric valuation of Egypt's trade balance over the period 1884–2024, seizing the long-term structural alterations that have formed external sector performance. In chase of this predominant goal, the research addresses quite a few explicit goals:

a. Sketching the path of the trade balance across diverse political regimes, economic systems, and development stages, beginning with the cotton-export-based colonial economy, moving through nationalization & central planning & extending to the liberalization and structural reform eras of the late 20th & early 21st centuries.

b. Determine how key events, e.g., occupation periods, the 1952 Revolution, the Infitah policies of the 1970s, the Economic Reform and Structural Adjustment Program (ERSAP) of the 1990s, and post-2016 reform programs—have changed the track, size, and sustainability of trade imbalances.

c. Detect deep-rooted patterns, including structural shocks, technological transitions, and terms-of-trade changes that have shaped external balance sustainability.

d. Derive policy endorsements for improving external competitiveness, firming export capabilities, and suggesting sustainable trade and industrial policies.

7. Research Questions:

The study of Egyptian trade balance crossing 140 years, raises five key inquiries:

a. What variables, including economic, structural and political pieces, inclined changes in Egypt's economic and trade balance in 2024?

b. Will structural interruptions (wars, coups, reforms, reforms and global shocks) affect Egypt's trade balance after 140 years?

c. Does Egypt's trade balance show long-term stability or persistent imbalance?

d. What historical, structural, political, and policy variables have influenced changes in the balance of trade of political and economic systems?

e. What policy lessons can be drawn from historical forms and econometric outcomes to support Egypt's foreign presence?

8. Research Limits:

It is tough to look at Egypt's trade balance from 1848 to 2024 for a number of reasons. Sometimes, it's hard to do a thorough structural analysis since early historical data is absent or only available in groups. We also collected trade numbers from a few different official sources. Changes in how things were set up, how estimates were created, and how exchange rates worked made the data less reliable over time. Most of the time, official documents don't indicate trade transactions that weren't written down. This could alternate the trade balance statistics. The study is supplementary limited by the fact that it can't easily get to numerical archival resources and has to use restored databases. Wars, changes in politics, and changes in the economy have all had a big effect on structures. For this reason, the data should be seen as evidence of long-term patterns rather than obvious links between cause and effect.

9. Methodology:

This study uses a historical analytical approach to examine the long-term evolution of Egypt's trade balance from 1884 to 2024 and the macroeconomic determinants of its fluctuations over the period. Egypt's Foreign Policy qualitative historical analysis provides a comprehensive understanding of the short-term dynamics of various political systems, structural reforms, and global shocks.

The first step of the methodology is based on monitoring the transport patterns of exports, imports and trade balance, and the exports to imports ratio over a period of 140 years. The second step includes identifying the transition from Egypt's metallurgical structure with its various commodity flows and structural breaks resulting from the British occupation, the 1952 revolution, the 1970s, the 1991 ERSAP reform and the 2016 economic reform program. These long-term representations help Egypt conduct trade in the context of institutional and political reforms.

10.Data:

The data used in this study are taken from: CAPAMS, Central Bank of Egypt, Ministry of Finance, UN Comtrade and international statistical publications, Banque Nationale d'Égypte (BNE). (1914–1917). Annual Reports. British War Office & High Commissioner Reports on Egypt (1914–1917), Daly, M. W. (1998). The Cambridge History of Egypt, Vol. 2, Egyptian Gazette (1914–1917). "Monthly Commercial Summaries.", Issawi, C. (1963). Egypt: An Economic and Social Analysis. Oxford University Press, Owen, R. (1993). Cotton and the Egyptian Economy,

1820–1914. Oxford. Tignor, R. (1984). State, Private Enterprise and Economic Change in Egypt, 1918–1952. Princeton, Federico & Tena — World Trade, 1800–1938 (Federico-Tena World Trade Historical Database, UC3M), the League of Nations Statistical Yearbooks / Review of World Trade, and Bibliothèque nationales de France (BNF).

11.The Egyptian Trade Balance by Ruler:

a. Abbas Hilmi I (1848-1854) [2]:

During the reign of Abbas Hilmi, I as Khedive of Egypt (1848-1854), foreign trade witnessed significant changes. The industrial system of Muhammad Ali Pasha disintegrated, private businesses re-emerged, and Egypt became increasingly integrated into global markets dominated by European powers. Trade figures show slight fluctuations. Exports averaged approximately LE1.91 million, while imports averaged around LE1.75 million, resulting in a slight average surplus of approximately LE0.16 million. The average export-to-import coverage ratio for his reign was 1.10.

Data on the Egyptian trade balance indicate that conditions were generally satisfactory during Abbas Hilmi I's rule, although they varied throughout his reign. At the beginning of his reign, exports were LE1.48 million, imports LE1.57 million, resulting in a trade deficit of LE900,000 and an export-to-import coverage ratio of 94%. He concluded his term with exports of LE2.09 million, imports of LE2.14 million, a trade deficit of LE50,000, and an export-to-import coverage ratio of 97%. In 1852, the Egyptian trade balance achieved its highest export value at LE2.27 million, compared to LE1.85 million in merchandise exports, resulting in a surplus of LE700,000 and an export-to-import coverage ratio of 144%. Meanwhile, Egyptian imports reached their highest value in 1854 at LE2.14 million, compared to exports of LE2.09 million, resulting in a trade deficit of LE50,000 and an export-to-import coverage ratio of approximately 0.97%. Exports jumped between 1850 and 1852 (from 2.04 to 2.27 million Egyptian pounds), achieving a surplus of 0.42-0.70 million Egyptian pounds, and the export coverage ratio for imports rose from 1.26% to 1.44%. This improvement occurred due to the growth of agricultural exports with the return of private sector merchants to trade, which had previously been mostly controlled by the government (Essawy, 1966).

Egyptian exports grew on average by about 6.2%, imports by about 5%, and the export-to-import coverage ratio by about 2.9%. The year 1850 witnessed the highest growth rate for Egyptian exports, reaching approximately 38.6%, while 1853 saw the highest growth rate for imports, at

[2] Ibrahim was in charge for a few months, stepping up after his dad started having mental and health issues. Then Abbas took over. Before that, Abbas was a deputy in the west for his granddad, and he'd also fought in the Syrian War for the governor. Then he got bumped up to director of admin and military things, which made him more important. But, to be honest, Abbas wasn't that great at his job. It's really those game-changers and talented folks that make a real difference in a country.

about 27.11%. The year 1852 achieved the highest growth in the trade surplus, at 46.93%, and finally, 1850 saw the highest growth rate in export-to-import coverage, at 42.02%.

Despite the apparent satisfaction with the annual trade balance figures during the reign of Abbas Hilmi I, they masked deeper problems and political issues affecting the Egyptian economy. During Abbas I's reign, Egypt underwent significant changes in its economic activities. The number of state-run industries and agricultural lands, initiated by Muhammad Ali, was reduced. Many government factories were closed or downsized. The economy began to focus more on exporting agricultural products, particularly cotton and grain, which resulted in some minor trade losses in 1848–1849 (Owen, 2004; Fahmy, 1998). Abbas I's reign also saw a reduction in government spending, which was largely in keeping with his traditional approach to governance. He halted many existing or planned modernization projects, such as factories and new roads. This supported a decrease in Egyptian imports of capital goods, such as machinery, equipment, and intermediate goods, while imports of basic commodities remained at their previous levels. Consequently, imports remained virtually unchanged into the early 1850s. While the flourishing of the agricultural sector, after the entry of the private sector into production, supported the rise in the volume of Egyptian exports during the period from 1850 to 1852, then it returned to decline from 1853 to 1854. Also, the reduction in the size of the Egyptian army contributed to supporting the idea of reducing the size of economic activities, which led to a slowdown in the Egyptian economy in general and exports in particular, and to an imbalance in the trade balance in favor of other countries.

Regarding the impact of international factors on Egypt's trade balance at that time, Britain was gaining significant commercial influence, Germany was industrializing, and France was mired in stagnation (Heworth-Dunne, 1969). This encouraged British merchants to shift their trade towards Egypt more actively and to influence Egyptian trade decisions, taking advantage of open markets and the end of monopolies. Linkage to British trade routes also helped Egypt export more goods in the early 1850s, but it also meant that Egypt was heavily reliant on European demand for its exports. With the outbreak of the Crimean War, all of Europe had an interest in Egyptian produce. Because Egypt did not manufacture many goods itself, it continued to import most of its manufactured goods, leading to financial difficulties in 1853 (a loss of LE0.15 million) and 1854 (a loss of LE0.05 million). Essentially, during the reign of Abbas I, Egypt's policy of protecting local industries diminished as it transitioned to a more open economy and became an exporter of agricultural products. This weakened domestic industry and increased dependence on European markets, negatively impacting Egypt's trade and financial standing. Figure (1) in Appendix (1) illustrates the trade balance during the reign of Abbas Hilmi I (1848-1854). Figure (1) in appendix (1) represents Trade Balance During Helmi's Term (1848-1854).

In conclusion, Egypt's foreign trade under Abbas Hilmi I (1848–1854) saw fairly steady on the superficial, with minor surpluses in some years and modest growth in both exports and imports.

Yet behind these statistics lay a more intricate reality. The manufacturing structure constructed by Muhammad Ali had cracked down, government factories were closing, and the economy was turning into one that depend deeply on exporting agricultural goods—particularly cotton and grain, while importing most industrial goods from Europe. Temporary progresses, e.g. the sturdy export growth between 1850 and 1852, were motivated by private merchants & good agricultural seasons, nevertheless they did not last. As Egypt became more tied to British and European markets, it also became more exposed to alterations in international demand. By the end of Abbas's reign, slowing exports, increasing dependence on imports & reduced public investment exposed the economy's fragility and emphasized the deeper challenges influencing Egypt's trade balance.

b. Muhammad Said Pasha (1854-1863):

Foreign trade witnessed remarkable growth during the reign of Muhammad Said Pasha (1854-1863). This was due to the increase in agricultural exports, the government's continued liberalization of certain industries, the development of new infrastructure, and Egypt's increased integration into European-dominated global markets. Exports averaged LE3.88 million, exceeding imports, which averaged LE2.85 million during Said's rule. This resulted in an average trade surplus of LE1.03 million, with exports covering approximately 1.35% of imports. Despite annual fluctuations, exports generally increased throughout this period.

Data on the Egyptian trade balance indicate that while the situation was generally satisfactory during Said's reign, it was characterized by significant variations. At the beginning of his rule, exports stood at LE3.29 million, imports at LE2.53 million, resulting in a trade surplus of LE760,000 and an export-to-import coverage ratio of 103%. While he concluded his term in 1863 with the highest trade balance values, with exports reaching LE9.01 million, imports reaching LE5.06 million, resulting in a trade surplus of LE3.95 million, and an export-to-import coverage ratio of 178%. In contrast, 1858 saw the lowest value of Egyptian exports at LE2.53 million, and 1862 witnessed the lowest value of Egyptian imports at LE1.99 million.

At that time, Egypt exported mainly raw cotton, cottonseed, grain, and some other agricultural products. This shows that agriculture remained crucial to the economy after the government closed state-owned factories (Essawy, 1966; Owen, 2004). Exports rose sharply between 1855 and 1856, from LE3.29 million to LE4.03 million, and then increased again in 1862 and 1863 from LE4.45 million to LE9.01 million, due to Britain and France's desire to import more agricultural goods from Egypt. As for imports, Egypt mainly imported textiles and manufactured goods, machinery, building materials, and luxury goods (Marsot, 1984). Egypt experienced a decline in the value of its exports during the years 1857, 1858, and 1860, to LE3.11, LE2.53, and LE2.54 million, respectively. While the years 1885, 1859, 1861, and 1862 witnessed a decrease in the volume of imports of 2.72, 2.49, 2.57, and 1.99 million Egyptian pounds respectively, due to market instability in Europe, Egyptian exports grew on average by about 16.45%, imports by about 15.24%, and the export-to-import coverage ratio by about 7.47%. The year 1863 witnessed the highest growth rate for Egyptian exports at about 102.4%, while the same year saw the highest growth rate for imports at about 154.3%. That same year also achieved the highest growth in the trade surplus at 60.41%.

Said Pasha implemented several structural economic reforms. His reign was far more liberal than that of Abbas I. He altered the Egyptian government's administrative methods, eased restrictions on forced labor, and (at least initially) permitted private land ownership under the 1858 Land Law. He also began to utilize European capital and expertise more extensively, particularly in the construction of railways and canals. These variations contributed to amplified agricultural production and, therefore, agricultural exports. The substantial rise in international cotton prices after 1861 further increased exports, reaching LE9.01 million in 1863, resulting in a surplus of LE3.95 million. Furthermore, the outbreak of the American Civil War made American cotton scarce, leading Europe to seek Egyptian cotton as an alternative (Essawy, 1982).

To understand what was happening with the growth of Egypt's trade balance, we must consider the international situation during Said Pasha's reign. Britain was Egypt's main trading partner, purchasing more Egyptian cotton because the American Civil War had disrupted its supply chains. France also wielded significant influence over the Egyptian economy, particularly regarding financing and industrial development. In general, the volume of Egyptian exports was largely determined by European interests. Thus, Egypt's substantial trade gains in the early 1860s were not solely due to increased crop production; they also stemmed from Egypt's integration into the evolving global market for raw materials (Hopkins, 1980). Under Said Pasha, foreign trade surged for nearly a decade, fueled by agricultural exports focused on specific crops, and European economic influence grew. This paved the way for a major boom in the international market under Ismail Pasha, but later made Egypt vulnerable to debt and control by foreign powers. Figure (2) in Appendix (1) illustrates the trade balance during Said Pasha's reign (1854–1863).

In sum, trade balance during the reign of Said (1854–1863) practiced strong and sustained growth, motivated mainly by increasing agricultural exports, new infrastructure, and deeper links with European markets. Though yearly statistics varied, the general trend was one of growing exports, stable surpluses, and swelling coverage of imports. Said’s economic reforms, chiefly his more liberal administrative approach, inspiration of private landownership, and dependence on European investment, helped inspire production and opened the door for more foreign participation. The dramatic rise in exports in the early 1860s was not only the consequence of domestic progresses but also international events such as the American Civil War, which pushed European powers to depend heavily on Egyptian cotton. While this shaped impressive short-term gains, it also knotted Egypt’s exports closely to external demand. Ultimately, Said’s reign laid the basics for a booming but progressively vulnerable export-led economy.

c. Ismail Pasha (1863-1879):

During Ismail Pasha's rule from 1863 to 1879, Egypt's foreign trade did well, although it got worse as his time in office went on. During Ismail's tenure, the average trade balance showed that exports were strong at LE11.49 million and imports were weak at LE5.33 million. This left a surplus of LE6.2 million, with exports making up about 231% of imports. Even if exports were strong, other problems came up because of changes in the Egyptian state's economic structure, its dependence on global markets, and the costs of Ismail's ambitious plans to modernize the country.

Egyptian exports grew on average by about 1.8%, while imports grew by about 7.8%, resulting in an export-to-import coverage ratio of about 16.7% and a deficit of -26.1%. The years 1865, 1869, 1870, 1872, 1873, 1877, and 1878 saw Egyptian import growth rates of approximately 8.9%, 12.3%, 12.0%, 10.9%, 10.8%, 5.6%, and 178.1%, respectively. Meanwhile, the years 1869, 1871, 1872, 1873, 1876, and 1879 witnessed growth rates of approximately 12.3%, 17.4%, 30.7%, 6.7%, 1.7%, and 65.5%, respectively. While the ratio of exports to imports grew during the years 1868, 1871, 1872, 1874, 1876 and 1879 by about 15.3%, 17.2%, 17.8%, 14.2%, 34.4% and 327% respectively.

Statistics designate a substantial rise in exports from 1863 to 1865, increasing from LE9.1 million to LE13.5 million. This was mainly because of the ongoing American Civil War, which condensed the global supply of American cotton, leading to unique price surges for Egyptian cotton. The subsequent interest in Egyptian cotton increased Egyptian exports to LE14.42 million and LE13.1 million in 1864 and 1865, respectively. Egyptian imports remained mainly unaffected, generally between LE4 million and LE6 million, consisting of European goods such as factory machinery, railway and irrigation equipment, luxury building materials, and military equipment (Marceau, 1984). Imports surged dramatically in 1878 to LE12.9 million, resulting in a substantial deficit of LE4.8 million. During Ismail's reign, the commodity groups in the trade balance remained relatively stable. The main exports were cotton, seeds, foodstuffs, medicines, perfumes, dyes, and textiles. Imports consisted mostly of textiles, foodstuffs, medicines, perfumes, building materials, and fuel. As an example, table (1) shows the importance of each commodity group in relation to all exports and imports in 1870.

Table: (1): Export & Import Group Relative to Total 1870 Exports & Imports.

Exports	%	Imports	%
Cotton & Its Seeds	72	Building Materials	10
Foodstuffs	19.1	Foodstuffs	15
Drugs, Perfumes & Dyes	4.3	Drugs, Perfumes & Dyes	2

Exports	%	Imports	%
Textiles	0.7	Textiles	31
Industrial Goods	0.2	Industrial Goods	13
Other goods	3.7	Fuel	6
		Other goods	23

Source: (Lahita, 1938, p. 226)

Ismail made a concerted effort to transform Egypt into a modern, European-style state. He poured vast sums of money into projects such as the urban development of Cairo and Alexandria, the expansion of schools, railways, telegraph lines, the sugar industry, and the development of both agriculture and irrigation (Fahmy, 2002 and Tenor, 1989). Initially, these changes facilitated maintaining a trade surplus of exports over imports throughout most of the 1860s and early 1870s, resulting in trade surpluses of LE6.8, LE12.3, LE36, LE46.3, LE20.7 million in 1868, LE1869, LE36, LE46.3, LE20.7 million in 1876, LE8.1 million in 1872, LE876, and LE8.1 million in 1878.

However, this drive toward modernization required enormous sums of money. To finance new projects such as roads and to increase the salaries of government employees, the state borrowed vast amounts from Europe. This meant that the country's debt continued to grow, and eventually, it went bankrupt. By the mid-1870s, the country was spending more and more of its export earnings to repay its debts. This forced the Egyptian state to increase imports. By 1878, Egypt was facing a severe financial crisis. Matters had deteriorated to such an extent that in 1876, the country lost control of its own finances with the establishment of the Public Debt Fund (Tenor, 1989).

Changes in Egypt's internal politics hurt farmers in rural areas. They had to deal with higher taxes and required unpaid labor on infrastructure projects like building canals. This made farmers angry and hurt agricultural production and exports (Beinin and Lockman, 1998). Ismail wanted Egypt to be more independent from the Ottoman Empire and tried to take control of Sudan and the Nile Valley. This made Egypt more important in the region, but it also caused problems with European countries. These countries started to meddle in Egyptian politics, which forced the Ottoman sultan to fire Ismail in 1879. Britain and France strongly supported this.

To comprehend the dynamics of Egyptian commerce during that period, it is essential to examine the broader context of the evolving global economic and political environment. The American Civil War (1861–1865) made Egyptian cotton very important. British mills were buying a lot of it even after 1865, which is another thing. Egypt became a very important stop for trade ships from all over the world when the Suez Canal opened (Owen, 2004). Egypt had a hard time with money when global cotton prices changed since it depended so much on selling cotton.

When cotton prices around the world went back up in the late 1860s, Egypt didn't make as much money and had a lot of debt problems, which led to a financial crisis in the 1870s. Exports helped Egypt's trade balance look good overall under Ismail's reign, but this didn't lead to long-term growth in Egypt's trading position or the growth of its productive sectors. Ismail's efforts to modernize Egypt cost a lot of money, which forced the country to borrow money from other countries and hurt its independence. This made it easier for the British to take over in 1882. Figure (3) in appendix (1) represents Trade Balance During Ismail's Term (1863-1879).

In conclusion, when Ismail was in control from 1863 to 1879, Egypt's trade balance was generally good. There were significant surpluses for most of the 1860s because there were a lot of exports, notably cotton. The American Civil War, soaring cotton prices, and Ismail's hard work to modernize the country by establishing extra railroads, irrigation systems & factories all helped the country get off to a prosperous start. But these positive trade figures concealed the fact that the problems with the economy's structure were getting worse. Egypt bought a lot of European machinery, luxury goods, and building materials for huge infrastructure projects. This made imports go up a lot. The government depends a lot on loans from foreign countries to pay for modernization. By the middle of the 1870s, Egypt's economy was getting worse because it was getting more debt, cotton prices were going down, and Europeans were getting involved. Farming became less productive and less popular because to high taxes, rural poverty, and making farmers work. Ismail's changes made Egypt more significant in the globe for a brief period, but the economy became more and more reliant on foreign markets and lenders. In the end, these issues damaged Egypt's ability to be financially independent and made it easier for Europe to get more authority.

d. Tawfiq Pasha (1879-1892):

During Tawfiq's reign, the trade balance showed a surplus of Egyptian exports over imports. Average trade figures during his rule indicate that Egyptian exports reached LE12.2 million, compared to imports of LE8.07 million, resulting in a surplus of LE4.13 million. The export-to-import coverage ratio was approximately 157%. The final year of Tawfiq's rule saw the highest values for both exports and imports, reaching LE17.2 million and LE12.9 million, respectively. On the contrary, 1886 perceived the lowest value of Egyptian exports at LE10.1 million, while the first year of his reign saw the lowest value of imports at LE5 million.

Regarding trade balance growth rates, Egyptian exports grew on average by about 3%, imports by about 8%, the export-to-import coverage ratio by about -4%, and the net trade balance by -1%. The lowest export growth rate was recorded in 1882 at -16.3%, compared to 13.6% for imports in 1885, a net trade balance growth rate of -48.84% in 1883, and an export-to-import coverage ratio of -25.95% in 1880. The highest export growth rate was recorded in 1884 at 25.24%, followed by

1892 for imports at 40.22%. The highest net trade balance growth rate was recorded in 1889 at 75%, and the export-to-import coverage ratio was also recorded in 1889 at 24.7%.

Despite the persistent trade surplus during Tawfiq's reign, the state relied on importing most of the Egyptians' needs from other countries, then exporting agricultural products to cover the costs of those imports and all other expenses, such as debt repayment and interest. Tawfiq's era witnessed an increasing reliance on cotton instead of other local crops, with cotton and its seeds becoming the most prominent exports, constituting about 81% of total exports in 1884. Prior to this, during Ismail Pasha's reign, this percentage did not exceed 10%. The most important commodity groups imported by Egypt were cotton clothing, fuel, food, and building materials. England was Egypt's most important trading partner due to its large-scale production of cotton clothing.

To consolidate British control over foreign trade during Tawfiq's reign, the British formulated an economic plan centered on integrating Egypt commercially with Britain through agricultural development, primarily focusing on cotton, to secure a supply of Egyptian cotton for British factories. Consequently, they paid little attention to Egyptian industry, believing it was in everyone's best interest for countries to specialize in their areas of expertise. They also emphasized the importance of foreign trade to facilitate the shipment of raw materials and the import of manufactured goods. Finally, they aimed to reduce the volume of trade between Turkey and Egypt to undermine the relationship between the Ottoman Empire and Egypt. Table (2) shows the main trading partners of Egypt during the years 1881-1882, with the values expressed in Egyptian pounds.

Table: (2): Egypt Trade Partners 1881-1882.

Country	Exports in LE		Imports in LE		Balance	
	1881	1882	1881	1882	1881	1882
England	8233578	7143759	3617397	2912897	4616181	4230862
France	1154850	940775	1139454	888118	15396	52657
Russia	1686406	955524	183884	210624	1502522	744900
Turkey	404495	374072	154399	107655	250096	266417
Austria	365939	425708	919467	666723	-553528	-241015
Italy	7330080	729356	2091552	222448	5238528	506908

Greece	101051	75149	17726	19548	83325	55601
India & the Far East	1828	561	361599	303730	-359771	-303169
America	89971	30211	145463	113201	-55492	-82990
Different countries	149865	162005	106478	112801	43387	49204

Source: (Lahita, 1938, p. 351)

Before Tawfiq's reign, some Egyptians made substantial profits from tobacco, thanks to its cultivation and high yield. However, in 1886, the Director of Customs, Mr. Giard, stated that Egyptian tobacco was not significantly different from the finest Turkish tobacco. But, given Egypt's need for cash, they wanted to restrict tobacco production and focus on cotton cultivation and export. Therefore, during Tawfiq's reign, the tobacco industry was completely halted to increase foreign customs duties on Egyptian tobacco exports. Furthermore, there was an attempt to persuade Egyptians to quit smoking altogether. The government declared that tobacco cultivation would cease. All of this was done to support cotton farming and reduce the land area used for tobacco cultivation. The government imposed a tax of thirty Egyptian pounds on tobacco cultivation. However, this income tax was abolished on December 28, 1887. Egyptian tobacco was restricted on June 25, 1890, despite the fact that technical experts were not convinced by the ban on tobacco cultivation and export, as they felt it would harm the agricultural sector. Some believed that economic diversification would protect against political and economic repercussions.

Egypt promoted cotton cultivation and halted tobacco farming, especially since tobacco and cotton cultivation competed for the same economic resources (farmers' labor, land, farm equipment, and financing). Thus, Egypt lost the opportunity to profit from tobacco farming. Their land was capable of producing tobacco of sufficient quality for both domestic and international sale, just as they had done with cotton. Egyptians were adept at tobacco cultivation and were learning how to do it, just like foreign farmers. However, the government prioritized cotton and was unwilling to help protect tobacco crops or utilize land for producing better varieties.

Egyptian tobacco was a strong competitor to Turkish and Greek tobacco. It was sold at a similar or even lower price, as its cost depended on the quality of the land, the cost of cultivation, taxes, and labor. Mr. Giar noted in his reports that Egyptian land was better suited for tobacco cultivation than elsewhere. Dr. Sarrouf stated in 1915 that significantly more tobacco could be harvested per acre in Egypt compared to other places, and that its cultivation was inexpensive. Egyptian farmers were skilled in tobacco cultivation and knew how to do it as well as their foreign counterparts, making them highly competitive. Consequently, Egypt missed out on the opportunity to profit from tobacco farming, especially since its land was capable of producing tobacco of sufficient quality for both domestic and international markets, as they had done with cotton. However, the government prioritized cotton and was unwilling to help protect tobacco crops or utilize the land for producing higher-quality varieties.

Cotton became the primary crop for maintaining the stocks of Egyptian cotton held by English mills. The importance of other crops declined, with the exception of sugarcane and grain, which remained staples in anticipation of falling cotton prices. Cotton exports increased, particularly as prices fell, helping to offset losses. This explains the government's intense focus on cotton and sugar. The government's push for cotton cultivation, however, created some problems. For example, if pests infested the cotton or prices plummeted, the country faced significant difficulties.

Internal events had a profound impact on trade. When Tawfiq assumed power, Egypt was in dire financial straits due to Ismail's massive borrowing. Obliged to repay these debts, Egypt became heavily reliant on cotton exports, meaning they were unable to sell other goods (Marsot, 1984). Furthermore, the Oribi movement (1879–1882) exacerbated the economic situation. The decline in trade revenues between 1879 (8.4) and 1882 (4.3) demonstrates the severity of the internal crisis. The resulting chaos disrupted the transportation of goods, taxation, secure agriculture, and the functioning of the government. Thus, exports dwindled & domestic markets came under immense pressure.

After 1882, the British assumed control of matters such as taxation, finance, and the administration of the government, fundamentally altering the functioning of the economy. While the British improved revenue collection and stabilized the country's monetary situation, they also facilitated the influx of goods from other nations, primarily Britain (Cole, 1993). Egypt could no longer dictate its own economic policies; domestic production began to align with British preferences. This resulted in the export of large quantities of cotton and the importation of many expensive goods from other countries. In the late 1880s and early 1890s, conditions improved slightly as the British improved the government's performance. Nevertheless, this development stemmed solely from British oversight, not from any honest development in Egypt's production capabilities.

To understand what happened to the trade balance at that time, we must look at the global events that affected Egypt's trade balance. For example, export revenues declined between 1880 and 1883. This was due to a sharp drop in cotton prices after the United States restarted its cotton plantations following the Civil War. The British occupation of Egypt in 1882 also contributed to an initial rise in imports, as the British were shipping goods for their government, investments, and army. After 1887, exports recovered due to increased European demand for Egyptian imports, which helped to slightly improve cotton prices. In short, our trade figures fluctuated due to global prices, the needs of the British Empire, and who was selling what in the global market.

In conclusion, the trade balance during Tawfiq's supremacy seemed externally favorable, with Egypt generally exporting more than it imported. However, a closer look reveals some underlying problems. The country relied heavily on cotton exports and imported a significant amount of manufactured goods from other nations. Moreover, Egypt was steadily in debt. Despite exporting more than it imported, the country was not in a strong position because it owed substantial sums to other nations. From 1880 to 1889, Egypt paid approximately LE4.14 million annually in interest alone. This represented about 36% of the country's average income (LE11.5 million) and roughly 35% of its exports (LE11.8 million). Consequently, because Egypt was obligated to service its debts, it could not utilize its trade profits for economic growth, thus hindering the country's overall advance. Figure (4) n appendix (1) illustrates the trade balance during Tawfiq Pasha's reign (1879-1892).

e. Abbas Hilmi II (1892-1914):

During the reign of Abbas Hilmi II as ruler of Egypt (1892-1914), Egypt's participation in global trade increased significantly. Data shows substantial growth in the trade balance. Exports rose from LE18.0 million in 1893 to a peak of LE34.6 million in 1912. Imports also increased, from LE11.7 million to LE27.9 million. The trade balance during Abbas Hilmi II's reign averaged LE19.55 million in exports and LE19.3 million in imports, resulting in an annual surplus of LE0.25 million and an export-to-import coverage ratio of approximately 101%. The years 1895-1904 and 1907-1908 saw trade deficits of LE25.1 million and LE5.7 million, respectively, while the total surplus in the remaining years reached LE36.4 million.

Regarding trade balance growth rates during the reign of Abbas II, Egyptian exports grew on average by approximately 2.8%, imports by approximately 3.6%, the export-to-import coverage ratio by approximately 0.96%, and the net trade balance by 44.2%. The lowest export growth rate was recorded in 1895 at -45.5%, compared to -24.4% for imports in 1914. The net trade balance growth rate in 1895 was -207.3%, and the export-to-import coverage ratio in 1895 was 51.9%. The highest export growth rate was recorded in 1900 at 23.7%, followed by 1899 at 29.8% for imports. The highest net trade balance growth rate was recorded in 1906 at 950% & the export-to-import coverage ratio was 38.5% in 1909.

Concerning the structure of Egyptian exports in the late 19th and early 20th centuries, Egypt's exports is made up of practically completely of raw cotton. Cotton accounted for over 90% of the total export value because of high global demand, mainly from textile mills in Britain and Europe (Owen, 1969; Essawy, 1982). This describes the boom in Egyptian exports in years e.g. 1906 (LE24.0 million), 1907 (LE26.1 million), and 1909–1912 (LE26.1–LE34.6 million), and the substantial surpluses in 1909 (LE3.9 million), 1910 (LE5.3 million), and 1912 (LE8.7 million).

Consequently, the value of Egyptian exports closely tracked changes in cotton prices, which were influenced by developments in the global economy, the Lancashire textile market, and the performance of European companies. When cotton harvests were good or prices were high worldwide, as between 1905 and 1912, exports performed exceptionally well, with Egypt's exports exceeding its imports. However, when prices fell or harvests deteriorated, as between 1895 and 1899 and between 1907 and 1908, the trade balance recorded a deficit of -LE4.4 million in 1895 and -LE3.8 million in 1908. These fluctuations demonstrate that Egypt's monetary position was easily affected by price changes abroad, a common phenomenon in countries that cultivated only one crop during the colonial era.

Regarding imports, Egypt primarily imported manufactured goods, machinery, textiles, processed foods, and vehicles from Britain, France, and Germany. Import booms, such as those of 1899–1903 and 1907–1908, coincided with the construction of more infrastructure and railway lines. The growing middle class in Egyptian cities also purchased more goods from other countries. Egypt remained dependent on foreign-made goods because it did not manufacture much domestically under colonial rule (Tenor, 1984).

Regarding its major trading partners, Egypt's trade situation was severely affected by colonial rule, particularly by Great Britain. Britain essentially controlled Egypt's imports and exports, commensurate with its control over the country (Owen, 1993; Tenor, 2010). Trade balance statistics during the reign of Abbas II show that exports to Great Britain rose from approximately LE13 million in 1909 to over LE14 million in 1910, while imports from Britain fell from LE7.3 million to LE6.7 million. This resulted in a substantial trade surplus for Egypt, amounting to approximately LE5.8 million and LE7.6 million, respectively.

Table (3) Trade Partners 1909-1910

Country	1909		1910		1912		1913		Balance			
	Ex	Im	Ex	Im	Ex	Im	Ex	Im	1909	1910	1912	1913
Great Britain	13099910	7311000	14343381	6744000	16022318	7990658	13648479	8496483	5788910	7599381	8031660	5151996
British possessions(Mediterranean)	11670	169000	10702	174000	13630	253382	12536	207199	-157330	-163298	-239752	-194663
British possessions in the Far East	110170	967000	82827	975000	122704	1314361	109,919	1778278	-856830	-892173	-1191657	-1668359
Germany	2481826	1263000	3088632	1129000	3885937	1421180	4066287	1608881	1218826	1959632	2464757	2457406
France	2298541	2652000	2474026	2899000	2706975	2411425	2787243	2513108	-353459	-424974	295550	274135

Austria	1291848	1646000	1434821	1433000	1431167	1679831	1756993	4940512	-354152	1821	-248664	-3183519

Source: (Lahita, 1938, p. 410)

This surplus was due to London's easy access to Egyptian cotton and the shift in trade patterns following the British takeover in 1882 (Essawy, 1982). However, trade with other British-occupied territories did not experience the same level of surplus. Egypt suffered a deficit with the British colonies in the Mediterranean of -0.15, -0.16, -0.24 and -0.19 million Egyptian pounds during the years 1909 to 1913 respectively, while the Egyptian trade balances suffered a larger deficit of -0.86, -0.89, -1.2 and -1.6 million Egyptian pounds respectively during the same period.

Table (3) illustrates the increasing importance of Germany as an export destination for Egypt. German imports from Egypt rose from LE2,481,826 in 1909 to LE4,066,287 in 1913, resulting in a trade surplus for Egypt of approximately LE1,218,826 in 1909, which then increased to LE2,457,406 in 1913. This increase is attributed to Germany's growing involvement in the cotton trade prior to World War I. Meanwhile, imports remained relatively stable, fluctuating between LE1.1 and LE1.6 million during the period 1909–1913 (Berke, 1972; Owen, 1993).

On the other hand, Egypt's trade balance was in its favor, with France initially experiencing a deficit (-LE353,000 in 1909, -LE425,000 in 1910), followed by small surpluses in 1912–1913. This suggests that the trade balance with France was relatively stable. Unlike Britain or Germany, France did not dominate Egyptian trade, nor did it grow rapidly during this period. Rather, the relationship appeared more tied to specific transactions and influenced by short-term price fluctuations, rather than major structural changes (Cole, 1993).

Austria's figures are mixed. They did not export much, but in 1913, they imported enormous quantities (LE4,940,512), leaving them in a precarious financial position (-LE3,183,519). In any case, Austria demonstrates that even smaller players had a significant impact on Egypt's imports (Lands, 1998). Overall, Table 4 shows that Egypt's Pre-World War I foreign trade was largely dependent on a few major export partners, with imports far above exports & suffered from trade imbalances that kept it in a state akin to colonialism.

Considering the factors that led to the structure of Egypt's trade balance, we observe that Egypt was forced to rely on a single major export and import the majority of its needs from other countries, including machinery. Consequently, Egypt faced difficulties in developing industries and diversifying its exports, making its trade surplus vulnerable to changes in global markets. The fluctuations in the trade balance after 1907 were linked to the global financial crisis of that year, which led to a drop-in cotton prices and reduced demand in Europe. Egypt also lost some of its export share to Italy due to the instability there. With the stabilization of Italy, imports recovered slightly, but Egyptian exports to Italy were not as high as they had been in 1885.

British intervention in Egypt's trade also negatively impacted its ability to trade freely with any other country, which did not help Egypt at all in terms of improving the terms of international trade. Britain halted some imports from Italy, Austria, Greece, France, Hungary, and Turkey. Obtaining goods from America, Japan, India, and China became extremely difficult, except for those deemed suitable by Britain. This forced Egypt to invest its limited resources in products that did not meet its needs or allocate its economic resources efficiently. Egypt ended up cultivating cotton and purchasing only British textiles, while Britain obtained all the raw materials it needed from Egypt without any problems (Lahita, 1945).

In short, foreign trade grew a lot under Abbas Hilmi II (1892–1914), but this growth displayed thoughtful structural difficulties that were instigated by colonial rule. Even though exports improved a lot, generally owing to cotton & Egypt had minor average surpluses, the economy was still fairly sensitive to variations in the price of cotton across the world. Intervals of solid export achievement, chiefly from 1905 to 1912, were balanced by key drops in years e.g. 1895 & 1908, signifying the vulnerability of the trade balance to outward shocks. Egypt's manufacturing base is weak, and consumer demand is growing in municipalities, therefore imports of machinery, textiles & industrial goods grew a lot. The UK was the most important trading partner for Egypt, which made it hard for Egypt to grow its markets. The UK had special access to cotton, which made it harder for Egypt to grow its markets. By the start of World War I, Egypt's growing trade had not made the country economically independent; instead, it had made the country even more dependent on a single crop and foreign businesses.

f. Hussein Kamel (1914-1917):

Egypt's trade balance data during the reign of Sultan Hussein Kamel (1914-1917) reveals the profound impact of World War I and how Egypt became a British protectorate in December 1914. With the end of Khedive Abbas II's reign and Hussein Kamel's ascension to power, British control intensified. This led to a shift in Egyptian agriculture and trade to support the Allied war effort. Due to this forced diversion of resources and the war's devastation of shipping and markets, Egypt's foreign trade was drastically different between 1915 and 1917.

Egyptian trade statistics during the war period show that the country maintained a trade surplus. Exports reached LE22.50 million in 1915, compared to imports of LE13.20 million, resulting in a surplus of LE9.30 million. Exports were 70% higher than imports. However, this surplus was not due to strong production capacity, but rather to wartime resource shortages and import restrictions.

In 1916, exports fell to LE18.7 million and imports to LE11.5 million, consequential in a surplus of LE7.2 million. This reduction in exports and imports was credited to tightened wartime controls and British naval blockades on shipping in the Mediterranean. In 1917, exports continued to decay to LE16.3 million, and imports also declined, though not as severely, to LE10.9 million. This resulted in a surplus of LE5.4 million, with exports to imports at 1.49. Despite the surplus, this decline demonstrates that Egypt was facing increasing difficulty in keeping pace with its exports, particularly cotton. This was due to labor shortages, military demands, and the British forcing Egyptians to sell goods at fixed prices (Essawy, 1966). Between 1915 and 1917, Egypt's average exports were approximately LE19.17 million, and its imports were approximately LE11.87 million, resulting in an average surplus of LE7.3 million and an export-to-imports ratio of 1.61.

However, it should be noted that the trade surpluses during Hussein Kamel's era were a product of the economics of World War II and the preceding period of tension. Egypt's official export revenues declined as a result of Britain forcing Egypt to export food and cotton at fixed prices, preventing producers from selling at market rates (Owen, 1993). The decay in export values between 1915 and 1917 is consistent with these market problems and the reduced shipping choices obtainable to trades. Imports also fell at a faster rate than exports due to the Allied naval blockade, the prioritization of military shipments, and shortages of European goods. For this reason, Egypt's export-to-import ratio remained above 1.4 despite the decline in exports; indeed, imports collapsed at a faster rate than exports, not because Egypt was able to export more.

Although the figures appeared positive, serious economic problems arose domestically. Despite Egypt exporting more than it imported, the population lacked sufficient food. Food prices skyrocketed, particularly for commodities like wheat and meat, because the army was seizing all local produce (Essawy, 1963). Prices also rose with the replacement of the old Ottoman monetary system with the British one. Furthermore, access to essential goods became more difficult due to restrictions on trade in the Mediterranean (Hanna, 1998). The British also confiscated equipment such as trains and farm animals, further hindering farmers' ability to produce food (Moon, 2014). When they conscripted large numbers of laborers into the Egyptian Labor Corps, they lost crucial support during the harvest season (Cole and Sanders, 2016). All of this meant that farmers were drowning in debt, food was scarce, and the situation was far worse than the trade figures suggested.

Despite the difficulties caused by the war, cotton remained Egypt's primary export. However, because the British controlled the cotton trade, its prices and production volumes declined. Other exports included cotton fiber, rice, wheat, onions, seeds, and some livestock. Imports also decreased significantly. Egyptian imports of textiles, coal and kerosene, metals, and small machinery continued, provided there was available shipping space. Due to the scarcity of these imported goods, factories and major cities like Cairo, Alexandria, and others suffered shortages.

During this period, Britain, as a coercive trading partner, largely controlled Egypt's foreign trade. Because Egypt was under British rule, almost all of its cotton went to British textile mills. Most of Egypt's imports came from Britain and India. France was also a major player in Egyptian trade, but it was sidelined by German submarines and the closure of Mediterranean trade routes (Elbert, 1996). The Ottoman Empire, which was at war with Britain, ceased to be a trading partner altogether. As a result of the war, Egypt's trade became heavily concentrated with Britain, increasing its dependence on the British Empire's economy. Figure (6)in appendix (1) shows the trade balance during the reign of Hussein Kamel (1914–1917).

To sum up, During the short sovereignty of Kamel, (1914–1917), Egypt’s trade balance was intensely reformed by World War I & the country’s alteration into a British colony. Though trade statistics reveals consistent surpluses, averaging LE19.17 million in exports against LE11.87 million in imports, these statistics were confusing. The surpluses caused not from economic strength but from time of war import collapses, British price controls, naval barriers & involuntary agricultural redirection toward the Allied war effort. Cotton continued Egypt’s chief export, yet its value & volume fell since Britain fixed prices & diverted shipping volume to martial requirements. Imports of textiles, coal, machinery & metals fell sharply, worsening shortages in municipalities & weakening manufacturing. Domestically, Egyptians suffered inflation, food scarcity, labor conscription & the seizure of produce and gear by the British army. By 1917, Egypt’s trade was nearly fully reliant on Britain, highlighting both the restraints of colonial rule & the severe socioeconomic burdens created by the war.

g. Fuad I (1917-1936):

During the reign of King Fuad I, Egypt's foreign trade relied primarily on the export of raw materials. Cotton remained a crucial export commodity. Studies indicate that in the early 20th century, particularly between the two World Wars, cotton constituted approximately 80-90% of Egypt's exports. This explains the significant fluctuations in export figures (such as the rise from LE16.3 million in 1917 to LE60 million in 1920, followed by further volatility in the 1920s and 1930s). These fluctuations likely correspond to the quantity of cotton Egypt was producing and global market demand. Studies suggest that after a period of slower production, cotton production improved between the two World Wars, thanks to improvements in irrigation systems, access to better seeds, and easier access to loans for wealthy landowners.

Egypt faced complications owing to its dependence on cotton exports. It did not reap the same profits as textile-producing nations because it exported raw cotton rather than finished goods. Consequently, Egypt struggled to develop its industries, increase the value of its products, or convert export earnings into investments. Moreover, Egypt was forced to import the majority of its manufactured goods because, as history shows, its textile and industrial sectors were weak until the early 1930s. Therefore, while exports brought in foreign currency and even, at times, trade surpluses, dependence on a single export crop actually created long-term growth problems that could persist.

Because of this, Egypt's trade balance changed a lot. There were big surpluses, as +19.2 million Egyptian pounds in 1921 and +30.3 million Egyptian pounds in 1927. But there were also big losses, such -28.5 million Egyptian pounds in 1919 and -13.1 million Egyptian pounds in 1923–

1924. This small average surplus, which was about 3.12 million Egyptian pounds from 1917 to 1936, doesn't show how unstable Egypt's trade balance really was. There were two reasons for this: first, the income from exporting cotton varied a lot; and second, Egypt had to rely on imports of things like machinery and manufactured goods all the time, and it didn't have a strong industrial foundation.

For example, let's look at 1919. The LE75.9 million in imports, which led to a trade deficit, were probably a product of the time after World War I. Egypt wanted to revive its economy by buying things that Egyptians had put off buying throughout the war because of rising prices. Similarly, budget deficits in 1923–1924 and 1928 occurred at the same time as big jumps in international commodity prices and unstable cotton markets. This classically put pressure on foreign reserves, made it rigid to get credit, and constrained government expenditure. As a result, there was less investment in public programs and businesses. Consequently, the economy suffered from a structural imbalance due to its reliance on exports and imports. Agriculture (cotton) produced raw material exports and foreign currency, while imports covered industrial needs and consumer demand. Therefore, the economy was vulnerable to problems in cotton markets and fluctuations in global demand (Goldschmidt, 2004; Essawy, 1963).

Regarding trade balance growth rates during Fouad's reign, Egyptian exports grew on average by approximately 9.7%, imports by approximately 22.7%, the export-to-import coverage ratio by approximately 6.5%, and the net trade balance by -56.4%. The lowest export growth rate was recorded in 1931 at -33.7%, compared to -56% for imports in 1927, -1160% for the net trade balance growth rate in 1926, and -65% for the export-to-import coverage ratio in 1928. The highest export growth rate was recorded in 1918 at 214.1%, followed by 1933 for imports at 316.5%, and also in 1933 at 833.3%. Finally, the highest export-to-import coverage ratio was recorded in 1920 at 113.5%.

Regarding the structure of Egyptian exports during Fouad's reign, cotton was dominant, as previously mentioned, representing approximately 80-90% of total Egyptian exports. Essentially, cotton was the backbone of the Egyptian economy, and the quality of its sales determined whether Egypt achieved a trade surplus or deficit. In addition to cotton, Egypt exported other cotton products such as cottonseed, cottonseed oil, rice and other grains, sugar, and some other crops. Export revenues fluctuated according to changes in global cotton prices. For example, the period from 1920 to 1921 was a good year for Egyptian exports due to good cotton harvests and high demand. However, 1919 and 1923 were not favorable years for Egyptian exports (Richards, 1982).

As for Egyptian imports, they were mostly manufactured goods, such as machinery, equipment, metals, and materials needed for clothing production, agricultural development, the initiation of new industrial projects, and the construction of new facilities. Fuels like coal and oil were also imported to power factories and transportation. Furthermore, cities required commodities such as wheat, barley, sugar, and clothing because they could not produce enough of these locally. This meant that Egypt was dependent on other countries. Even if it didn't sell enough cotton, it still needed to purchase all these goods, which could cause problems (Britannica, 2025).

Egypt's principal economic partners are the United Kingdom, which predominantly imports cotton and exports machinery and equipment to Egypt. France and Germany imported cotton and exported machinery to Egypt. Italy and Greece were minor partners, engaging in the import and export of agricultural products and manufactured commodities. The combination of exporting a singular commodity (cotton) and importing a diverse array of items rendered Egypt susceptible to fluctuations in the global market. It also exposed the issue of over dependence on a singular commodity (Goldschmidt, 2004; Essawy, 1963; Richards, 1982). Figure (7) in appendix (1), depicts the trade balance throughout the tenure of Fuad I (1917–1936).

To conclude, cotton significantly impacted Egypt's trade balance during King Fuad I from 1917 until 1936. Any variation in cotton output or global cotton prices affected the trade balance since 80–90% of exports stayed cotton. Cotton grew well between the World Wars as a consequence of better irrigation, seeds & easing agriculture loans. Egypt's export of raw cotton rather than finished textiles made it less profitable and slowed manufacturing growth. Egypt had to import most of its industrial goods, machinery & city supplies. The economy was particularly reactive to worldwide market expansions. The trade balance altered significantly because of this change. When cotton demand was high, 1921 and 1927 saw vast surpluses. In 1919 & 1923–1924, poor demand instigated great deficits. Egypt averaged a slight surplus under Fuad. This hid important foundational faults in the country. The country imported manufacturing goods from Britain, France, and Germany and depended on cotton export. Egypt was defenseless to external shocks, required extra imports, and exports grew unevenly between wars.

h. Farouk I (1936-1952):

During Farouk's reign, the country's foreign trade experienced constant fluctuations. This was attributed to global events, outdated rules inherited from the colonial era, and the structure of the Egyptian economy itself. Looking at the figures from 1937 to 1952, we find that Egypt's trade balance worsened. The average trade deficit reached approximately LE24.6 million. Exports averaged around LE77.6 million, while imports averaged around LE102.2 million, resulting in an average export-to-import coverage ratio of approximately 0.77. At the beginning of Farouk's reign, Egypt's external sector was relatively stable, even showing a surplus of LE2.6 million in 1937. However, things changed rapidly with the outbreak of World War II. Trade became more turbulent as imports grew faster than exports, resulting in large deficits such as -LE36.2 million in 1942, -LE77.8 million in 1951, and -LE75.5 million in 1952 (Owen, 1993; Tenor, 1984).

Regarding trade balance growth rates during Farouk's reign, Egyptian exports grew on average by approximately 13.1%, imports by approximately 16.1%, the export-to-import coverage ratio by approximately 0.88%, and the net trade balance by -19.3%. The lowest export growth rate was recorded in 1952 at -28.6%, compared to -29.4% for imports in 1943. The net trade balance growth rate was -542.9% in 1940, and the export-to-import coverage ratio in 1942 was -49.1%. Conversely, the highest export growth rate was recorded in 1948 at 59.4%, while imports also grew by 68.7% in the same year. The highest net trade balance growth rate was recorded in 1942 at 244.8%, and finally, the export-to-import coverage ratio reached 95.3% in 1943.

Egypt's exports were overly reliant on a single commodity: raw cotton (Essawy, 1961). This accounted for over 50% of exports in most years, as other exports, such as rice, onions, and flax, did not generate enough revenue to create a more balanced trade. Given Egypt's dependence on a limited number of agricultural products, its foreign trade was vulnerable to external problems, such as wars. Naval blockades, the closure of shipping routes in the Mediterranean, and problems in the global textile industry led to significant declines in exports between 1941 and 1943. Exports reached their lowest point during the war in 1941, at LE22.6 million. This was not due to low production, but rather to the difficulty of shipping goods, British military control over prices, and a slowdown in global trade. As a result, Egypt's once-thriving cotton trade with Britain, Italy, Germany, and France came to a standstill (Hansen and Marzouk, 1965).

On the other hand, Egypt began importing more manufactured goods, machinery, vehicles, textiles, chemicals, and military equipment, especially during the war (Deeb, 1979). Imports rose sharply between 1941 & 1945 due to the British troop presence in Egypt & military operations in North Africa. Consumer goods were also scarce during the war. Imports peaked at LE55.5 million in 1942 & LE60.2 million in 1945. By the late 1940s, Egypt's import bill continued to rise as Europe was rebuilt after the war, leading to lacks in global supplies. Egypt also practiced swelling domestic needs as a result of population growth & the growth of the urban middle class. Imports reached LE280.9 million in 1951. This was mostly due to high-value goods, luxury consumer products & industrial materials needed for the nascent import substitution plans (Owen & Pamuk, 1998).

With the outbreak of World War II, the Egyptian government gradually halted the export of agricultural produce and manufactured goods without the necessary licenses. Exporting any commodity became contingent upon obtaining a license, which was granted only after a detailed review by the relevant authorities, primarily the Ministries of Finance, Trade and Industry, Supply, and Agriculture. Exemptions were made only for raw cotton, flax, and natural phosphate lime, as only a small percentage of cotton, flax, and natural phosphate lime were used in domestic industries. Imports were also subject to import licenses, meaning that goods could not enter the country without obtaining the necessary permits from the Import and Export Control Department of the Ministry of Finance.

The government's aim in implementing these measures was to limit the accumulation of cotton stocks and ensure a continuous supply of the country's food needs. It also urged farmers to replace chemical fertilizer with cottonseed meal to fertilize some crops and encouraged the use of organic fertilizers, given the difficulty of importing nitrogen fertilizers, as Chile had become the sole exporter of them. The government was forced to distribute these fertilizers to farmers in certain proportions lower than the normal proportions for various crops, according to the requirements of what was available, the most important of which was wheat cultivation. The government was indeed forced to import quantities of it to cover the deficit in the local crop, especially the 1941 crop. The Egyptian government agreed with the British government that Egypt would sell all of its production in excess of local reserves of some agricultural products e.g. grains, rice & sugar, in exchange for Britain ensuring it access to chemical fertilizer from Chile in quantities according to the settings of maritime navigation during the war (Mikhail, 1947).

During Farouk's reign, Egypt's main trading partners revolved around its position within the British Empire. The United Kingdom was the largest importer of Egyptian cotton, along with other countries such as India, Sudan, France, Italy, and the United States (Vatikotis, 1991). When World War II broke out, Britain tightened its grip through the Sterling Area. Egypt was forced to hold its export proceeds in pounds sterling, which it could not convert into other currencies. This made Egypt's foreign exchange reserves appear substantial, but it also prevented the country from importing important production goods. This led to shortages during the war and price hikes afterward. By the late 1940s, Egypt began to increase its trade with the United States & Western Europe, chiefly as those nations needed more cotton due to the Marshall Plan for the reconstruction of Europe (Tenor, 1989).

During the period from 1939 to 1945, Britain remained Egypt's primary trading partner, with only slight fluctuations in some years. Imports from hostile and occupied countries ceased. The relative importance of the United States as a source of Egyptian imports increased, as did that of India, Iran, Iraq, Turkey, Palestine, Canada, and Cyprus, each with a significant rise. Imports from South Africa and Ceylon also increased relatively. Egypt became increasingly, and eventually entirely, dependent on Chile for its chemical fertilizer needs. Finally, Egypt became reliant on Iran & Iraq to meet its kerosene supplies (Mikhail, 1947). Table 5 shows Egypt's most important trading partners during the period 1939-1945.

Table (4) Major Trading Partners 1939-1945 (in millions of Egyptian pounds)

Country	1939 Ex.	1939 Im.	1940 Ex.	1940 Im.	1941 Ex.	1941 Im.	1942 Ex.	1942 Im.	1943 Ex.	1943 Im.	1944 Ex.	1944 Im.	1945 Ex.	1945 Im.
Britain	11.4	9.4	11.4	8.9	7.1	9.3	9.5	12.8	9.8	7.1	9.4	6	11.4	10.9
USA	1.2	2.7	1.4	3.6	2.6	8.1	3.9	13.2	2.6	4.3	1.5	6.7	2.9	8.4
Germany	–	2.7	–	–	–	–	–	–	–	–	–	–	–	–

Country	1939 Ex.	1939 Im.	1940 Ex.	1940 Im.	1941 Ex.	1941 Im.	1942 Ex.	1942 Im.	1943 Ex.	1943 Im.	1944 Ex.	1944 Im.	1945 Ex.	1945 Im.
Italy	1.5	2.1	1.1	–	–	–	–	–	–	–	–	–	–	–
France	3.8	1.9	4.4	1.3	–	–	–	–	–	–	0.0009	–	7.1	–
Belgium	0.6	1.7	0.3	1.3	–	–	–	–	–	–	–	–	0.5	–
Dutch East Indies	–	1.5	–	1.9	–	1.8	–	–	–	–	–	–	–	–
Chile	–	1.3	–	2.4	–	–	–	2.7	–	2.2	–	4.5	–	3
India	1.9	0.8	1.8	1.6	3.1	3.2	1.9	3.6	7.4	3.6	8.6	3.5	8.9	2.9
Iran	–	0.7	–	–	–	2	–	5.5	–	6.5	0.3	6.1	0.0007	4.8
Turkey	–	–	–	–	0.3	0.4	0.1	0.9	0.3	4.9	0.2	4.4	0.0005	4.8
Iraq	–	–	–	–	–	–	–	0.9	–	2.9	–	2.4	–	4.8

Source: (Mikhail, 1947, pp. 25-26)

There was another problem facing the trade balance when importing from the United States of America, which was how to secure US dollars to pay for what could be imported from the United States of America. With the outbreak of World War II, the Egyptian government imposed its control over foreign currency and the methods of allocating and using it in agreement with the National Bank of Egypt and within the limits of the share agreed with Britain of these dollars (Mikhail, 1947).

Political and social changes in Egypt substantially hindered trade. The late 1930s were a rowdy era characterized by escalating nationalist fervor and a declining monarchy. World War II intensified the strain on Egypt's trade balance, especially when the British utilized Egypt as a military base. Inflation surged, numerous commodities vanished from the market, illegal markets proliferated, and the distribution of goods became progressively challenging. The situation did not improve after the war.

Unemployment soared & public discontent with the monarchy made economic management even more challenging. The 1948 war with Israel, coupled with the disruption of regional trade routes, further widened the trade deficit from 1948 to 1951 (Tenor, 1989). By the early 1950s, the government was largely powerless to address trade or industry due to widespread corruption, political instability & the growing disconnect between urban & rural areas. All of this created some key economic problems that helped pave the way for the 1952 revolution (Goldberg, 1992).

To sum up, during Farouk's rule (1937–1952), Egypt's trade balance practiced sharp inconsistency because of worldwide troubles, colonial-era boundaries & inherent economic weaknesses. Despite beginning with a modest surplus in 1937, the trade balance swiftly decayed, ensuing in an average annually loss of nearly LE24.6 million. Exports averaged LE77.6 million, while imports amount to LE102.2 million, resulting in an export-to-import ratio of merely 0.77. World War II signified a crucial moment: obstructions, shipping breaks & British pricing regulations led to an important decay in exports, mainly raw cotton, falling to a nadir of LE22.6 million in 1941.

Rapidly, wartime demand & the placement of British troops intensified imports, mainly of machinery, textiles, fuel & military equipment, which continued in swelling into the early 1950s. The government's licensing mechanisms for exports & imports have become more rigorous as Egypt faced challenges in obtaining fertilizers, wheat & foreign currency. By the late 1940s, intensifying domestic demands, population growth & postwar shortages worsened the trade deficit. Politically, wartime inflation, illegal markets & the fading power of the monarchy aggravated economic strains. The interplay of these basics led to dogged external imbalances & established the settings for the upheavals that resulted in the 1952 revolution.

i. Muhammad Najib (1953-1954) & the Revolutionary Command Council (1954-1956)

During the rule of Muhammad Naguib (1953-1954), Egypt's foreign trade continued to suffer from long-standing complexities, post-revolutionary political problems, and the lingering effects of colonial-era economics. Figures indicate that in 1953-1954, Egypt exported goods worth approximately LE275.6 million but imported goods worth around LE339.2 million, resulting in a trade deficit of LE63.6 million. This was primarily due to Egypt's dependence on other countries for goods such as machinery, manufactured goods, essential raw materials, trains and their equipment, oil, foodstuffs (such as sugar, flour, and tea), and pharmaceuticals (Owen, 2004). Egypt was forced to import these products in large quantities because it lacked a robust industrial base, and because the British had structured the Egyptian economy based on exporting raw materials and importing manufactured goods. The new government was unable to address this deteriorating situation quickly enough (Essawy, 1961; Owen and Pamuk, 1998). See table number (5).

In the early 1950s, raw cotton was Egypt's largest export, accounting for over 50% of total exports (Essawy, 1961; Richards Waterbury, 1996). Besides raw cotton, Egypt also exported cottonseed, rice, onions, and some textiles. Following the Korean War boom of 1950 and 1951, cotton prices began to decline, impacting Egypt's foreign exchange earnings and making it more difficult to pay for imports. Causal to variations in global prices, the trade deficit declined from -LE40.5 million in 1953 to -LE23.1 million in 1954.

Table (5): Main commodity exports and imports (1953-1954)

Exports	Share	Imports	Share
Cotton	55–65%	Consumer goods	35–40%
Cottonseed and cotton oil	10–12%	Machinery and transport equipment	15–20%
Rice	5–8%	Crude oil and fuel	10–12%
Garlic and onions	3–5%	Foodstuffs	12–15%
Textiles	2–4%	Chemicals and petrochemicals	5–7%
Fruits and vegetables	5–8%	Clothing and textiles	8–10%
Other	2–3%	Metals and metal products	5–7%

Source: Calculated by researchers.

Between 1953 and 1954, Egypt's two main trading partners remained largely unchanged from before 1952, with the United Kingdom and the United States being the largest importers of Egyptian cotton. Britain alone accounted for approximately 33% of total Egyptian exports in the early 1950s. As for imports, Egypt acquired significant quantities of machinery, transport equipment, and industrial materials from Britain, France, and Italy, and increasingly from the United States. In 1953 and 1954, Egypt also began exploring new trade agreements with India, Pakistan, and the Soviet Union. These agreements increased considerably after 1955 under Nasser's rule. Still facing a shortage of liquidity, Egypt remained committed to trading within the sterling currency zone and managing its substantial reserves of sterling, which were closely monitored by Britain.

The structure of the revolutionary economy also had a consequence on Egyptian International trade. The 1952 property Law, which set a boundary on how much land a person could possess, made wealthy landlords less important, which hurt agricultural workers and crop yields. Cotton, a main export good, had changing amounts of production and export, which slowed down the increase of exports. The government first tried to reduce foreign influence and improve the way the government worked. However, reforms under Naguib moved slowly, especially when it came to industrialization, limiting imports, and controlling the exchange rate.

Things were far from smooth sailing in Egypt as well. The Revolutionary Command Council was in disarray, with constant disagreements between Naguib and Nasser. This internal conflict made it difficult to make quick decisions on the economy, leading to stalled progress (Gordon, 1992). It also rattled investors, disrupted industrial plans, and made it difficult for the government to control exchange rates. Furthermore, the endless negotiations with Britain regarding the withdrawal of its troops from the Suez Canal Zone were negatively impacting the state's finances, particularly concerning the use of frozen sterling reserves and determining defense spending (Lewis, 1984). In rural areas, social problems affected agriculture. Land grants to peasants were common, but their implementation was slow, impacting agricultural production for a time. In the cities, inflation, a legacy of Farouk's rule, persisted. This led to a rise in the cost of living and increased imports. Figure (9) in appendix (1) illustrates the trade balance during Naguib's rule (1953-1954).

During the period when the Revolutionary Command Council (1954-1956) held power in Egypt, most of its members were from the Free Officers Movement, which had seized power in 1952. They were a diverse group of young people, mostly with political leanings ranging from the far left to the far right. They lacked a well-defined and detailed economic program, with the exception of the agrarian reforms, which were implemented almost immediately. These latter reforms were more political and social in nature than purely economic, and were implemented for reasons of social justice, aiming to redistribute wealth and income. Social justice was perhaps the only economic principle shared by the members of the Free Officers Movement, and it clearly distinguished their policies from those of the old regime. Despite all the shortcomings of Egyptian economic policies, it remained a central tenet of the government's political philosophy until relatively recently.

When the Revolutionary Command Council was in power from 1954 to 1956, Egypt's trade situation reflected the dramatic economic and political changes that occurred with the collapse of the monarchy and the military takeover. Egypt consistently imported more than it exported in 1955 and 1956. Exports amounted to approximately LE138.4 million and LE138.3 million, respectively, while imports totaled LE161.4 million and LE182.9 million. The trade balance was approximately -LE23.1 million and -LE44.5 million, with exports covering only 86% and 76% of imports, respectively.

The international trade of the Revolutionary Command Council with foreign countries were transformed by global politics. While Britain continued to be a main trade partner, chiefly in Egyptian cotton, Egypt also started trade with other countries, including India, Japan, and Western Europe, to reduce its dependence on Britain. Simultaneously, the Revolutionary Command Council established tighter relations with Eastern Bloc countries, finalizing barter trade deals post-1955. These alliances were integral to a strategy for economic autonomy and neutrality, a policy that grew gradually entrenched under Nasser.

The changes in the Egyptian economy undesirably jammed Egypt's trade situation. After 1952, Egypt tried to boost agriculture through land reform and rural cooperatives, targeting to upsurge food production and provide farmers with greater financial liquidity. Nevertheless, agricultural production didn’t rise vividly, hampering Egyptian exports.

Government enlargement in industrial investments led to amplified imports of production equipment and machinery from other nations. This was compounded by the general recession that obsessed the Egyptian economy from 1952 to 1954. Both the land reforms & the new government's unbalanced confiscation of private property created an atmosphere of doubt that dejected private investment and instead diverted such activities to uncreative sectors. Accordingly, a trade deficit arose, exacerbated by an over-reliance on a single crop. Egypt's foreign trade remained instable due to the concentration of its exports.

Furthermore, the shift in Egypt's political ideology negatively affected its trade. In 1954, when the British left the Suez Canal Zone, Egyptians were optimistic that things would improve, but this did not materialize. Political factors continued to influence the economy. Egypt turn out to be more anti-imperialist and started playing a larger role in the Arab world, even beginning ties with the Soviet Union. This presented some opportunities for new trade, but also brought risks. Figure (9) in appendix (1) illustrates the trade balance during the Revolutionary Command Council period (1955-1956).

During Muhammad Naguib's presidency (1953–1954), Egypt's foreign trade indicated a fragile economy that struggled to recover post-revolution. Despite the governmental transition, Egypt continued to require the procurement of machinery, fuel, food, and industrial inputs. This resulted in a trade deficit of around LE63.6 million, with exports being LE275.6 million and imports amounting to LE339.2 million.

More than fifty percent of Egypt's exports remained raw cotton, rendering the economy susceptible to declining global prices after the Korean War boom. In 1954, the deficit diminished slightly; but the new administration lacked the industrial infrastructure and policy coherence necessary to halt the downturn. Political discord among the Revolutionary Command Council, protracted land-reform execution, inflation & ongoing discussions with Britain regarding troop withdrawal impeded economic decision, making.

The RCC (1954–1956) created tension due to imports of machinery and industrial items outpacing exports, resulting in persistent deficits. Egypt sought to establish new economic alliances by forging relationships with India, Pakistan, and the Soviet Union. Initially, the advantages were constrained due to stagnant agricultural growth and a surge in industrial imports. Between 1953 and 1956, international trade experienced overall instability due to structural dependencies, political uncertainty, and the initial challenges of establishing a post-monarchical economy.

j. Gamal Abdel Nasser (1956-1970):

Upon assuming power, Nasser adopted little more than a continuation of the old regime's economic policies until the nationalization of the Suez Canal. Fiscal, monetary, and foreign exchange policies were cautiously tight during the first year or two of his rules. Politicians from the monarchy remained in charge of economic policy until the appointment of Qaysouni, who represented modern economic thought within Nasser's regime, as Minister of Finance in 1954. He later also became Minister of Economy and Minister of Planning. He continued to tighten foreign exchange controls, following the same policies prevalent in both European and developing countries at the time (Hansen and Nashashibi, 1975).

In the realm of foreign trade, the major shift—before the Suez Crisis of 1956 brought about a complete upheaval in Egyptian trade—was largely comparable to what had already occurred in 1947 when the old regime decided to leave the Sterling Area and shift trade away from Britain. Just as the monarchy had begun relying on bilateral trade in 1947, Nasser expanded bilateral trade during the early years of his rule, particularly with communist countries, as an opportunity to broaden the markets for Egyptian cotton and textiles, and thus expand trade in general (ibid.).

The hostile behavior of the United States toward Egypt regarding the High Dam loan from the World Bank, and the US Congress's punishment of any Egyptian decision to purchase more weapons from the Soviet Union by banning Egyptian cotton exports to the United States, led to a shift in Egyptian exports away from the US to other countries. American sanctions also took other forms, such as intensifying military support for the royalists in Yemen and for Israel, which in turn spurred increased arms imports and exports of goods. Furthermore, the nationalization of the Suez Canal, which triggered the Suez War, and Egypt's immediate confiscation of all property belonging to British and French nationals, along with the nationalization of all British and French companies (primarily in the banking, finance, and trade sectors), coupled with the accompanying embargo on foreign currency and trade by the United States, Britain, and France, resulted in a shift in Egyptian trade from West to East. These changes have significantly influenced the development of Egyptian foreign trade policies and patterns since 1956 (ibid.). These steps were, to some extent, a natural and expected consequence of the war. What was less anticipated was that these events were also followed by a shift in the regime's attitude toward domestic private businesses ([3]).

During Gamal Abdel Nasser's rule, Egypt's foreign trade patterns shifted significantly due to government support for industry, the country's changing alliances, and the aforementioned ongoing internal and external challenges. Egyptian trade balance statistics for this period show that exports averaged around LE229.1 million, while imports averaged around LE311.6 million.

[3] It was therefore natural for Egypt to consider economic development. The High Dam project in Aswan was a cornerstone of Nasser's development vision. However, the new regime did not seriously embark on a development policy until after the Suez War (see previous reference). Industrial and agricultural investment plans were drawn up in 1957, focusing on public investment, without even consulting the Federation of Egyptian Industries (the private sector). This was followed by the nationalization of the large Bank of Egypt in 1960. A comprehensive five-year plan was adopted for the first half of the 1960s, relying almost entirely on public investment. In July 1961, a series of decrees were issued that abruptly nationalized all large-scale industries, finance, and trade. These decisions were followed in 1963 by further nationalization decrees, along with an expansion of land reforms, and a national charter declared Arab socialism the foundation of the country's economic system and policy.

This resulted in an average trade deficit of -LE82.5 million, with exports accounting for only about 76% of imports. Data from this period indicate that the trade deficit persisted due to Egypt's imports to meet the needs of its development plans (Owen and Pamuk, 1998; Waterbury, 1983).

Regarding trade balance growth rates during Nasser's rule, Egyptian exports grew on average by about 9.5%, imports by about 5.8%, the export-to-import coverage ratio by about 6.1%, and the net trade balance by 6.6%. The lowest export growth rate was recorded in 1961 at -14.6%, compared to -165% for imports in 1976, -341.5% for the net trade balance in 1969, and 26.5% for the export-to-import coverage ratio in 1969. The highest export growth rate was recorded in 1957 at 52.8%, followed by 1963 for imports at 32.4%. The highest net trade growth rate was recorded in 1958 at 571.8%, and the highest export-to-import coverage ratio was also recorded in 1957 at 55.7%.

Through Nasser's era, Egypt's exports were mainly organized around raw cotton as the chief source of foreign currency. Even with ambitious plans to develop the Egyptian industrial sector, cotton accounted for over 50% of export earnings. Other agricultural products, e.g. rice & onions, also donated to Egyptian exports, nonetheless the share of industrial exports was fairly small (Essawy, 1966; Hansen and Marzouk, 1965). Because Egypt continued deeply reliant on cotton, it was helpless to variations in international cotton prices. When cotton prices fell, Egypt did not generate enough export revenue to cover the costs of imports and investments, exacerbating the trade deficit. In contrast to exports, which remained largely unchanged, imports surged in the 1960s due to Nasser's focus on importing capital goods to support his development plans. Most imports consisted of items such as equipment, machinery, steel, chemicals, and oil. These imports funded large-scale projects such as factories, the Aswan Dam, roads, and weapons (Mabrou and Radwan, 1976; Amin, 2011). Simultaneously, many consumer goods, raw materials, and factory supplies were also imported.

Nasser's shifting foreign policy deeply altered the Egyptian trade landscape. Formerly, Egypt had counted on Western markets, e.g. Britain and Western Europe. Nevertheless, after 1956, Egypt started looking to the Soviet bloc, Eastern Europe, and other non-Western nations, importing goods alike heavy equipment, factory machinery, and military hardware from these regions (Waterbury, 1983). The Egyptian trade system relied on geographically diversifying exports away from European control through barter agreements and long-term contracts, thus minimizing the need for foreign currency. Whereas Egypt continued to export cotton to Europe, it also started exporting to Africa and Asia (Tenor, 2011). However, the increased volume of domestically manufactured goods did not translate into increased exports, making it difficult to address the trade deficit through exports of manufactured goods.

Massive military spending and military action also put pressure on Egyptian imports and foreign exchange reserves (such as the intervention in Yemen in the mid-1960s and the 1967 Arab-Israeli conflict), which in turn harmed Egypt's export capacity due to shipping disruptions, difficulties in obtaining cotton, and the closure of canals. This forced Egypt to import more while exporting less, significantly exacerbating the trade deficit at that time. All of this led to a stern imbalance in the trade balance at that time (Owen & Pamuk, 1998).

However, by the late 1960s, specifically 1969, things seemed to be improving slightly. The trade deficit narrowed due to a decrease in imports from other countries to LE277.3 million from LE289.6 million the previous year, and an increase in exports to LE323.9 million in 1969 from LE270.3 million the previous year, due to a slight rise in cotton prices. This resulted in a trade surplus of LE46.6 million in 1969, compared to a deficit of LE19.4 million the previous year. However, this situation did not last. Egypt continued to import heavily from other countries and did not export enough products, making it easily affected by global events, which later led to numerous financial problems.

In short, the Nasser period primarily changed Egypt's trade scenery. Egypt shifted from exporting agricultural products, as in the old colonial time, to a government-controlled economy fixated on importing capital goods. This alteration led to important progresses in industry & economic structures & of course, reduced borrowing from the West. Yet, it also meant a persistent trade deficit, a heavy reliance on foreign equipment, and vulnerability to global market fluctuations and political instability. The events between 1956 and 1970 demonstrate that without diversifying exports through competitive manufactured goods, dependence on imports under state control can lead to ongoing financial difficulties with other countries. Figure (10) in appendix (1) illustrates the trade balance during the period 1956–1970.

k. Anwar Sadat (1970-1981):

Egypt's economic landscape underwent significant changes during Sadat's era. These changes stemmed from economic shifts, a transformation in its global standing, and a move towards a more open market economy rather than government control. Egypt shifted its allegiance from the Eastern Bloc, particularly the Soviet Union, to the United States and Western Europe. This move pointedly squeezed Egypt's foreign trade patterns. By the late 1970s, the USA had become Egypt's main trading partner, particularly after the 1979 peace agreement, which caused bigger US military and financial aid.

Looking at trade statistics between 1972 and 1981, we observe that Egypt suffered from a large and persistent trade deficit. During Sadat's era, Egypt's average exports reached approximately 901.4 million Egyptian pounds, imports approximately 1.99 billion Egyptian pounds, the average annual deficit reached 1.08 billion Egyptian pounds, and the average export-to-import coverage ratio was 59.8%. This reflects some major problems in the Egyptian economy and the mixed results of the open-door policy that began in 1974 (Amin, 1982; Ikram, 2006). In the early 1970s, things were largely balanced, and 1973 was the only year in which Egypt achieved a trade surplus of 83.1 million Egyptian pounds, resulting from exports of LE444.2 million compared to imports of LE361.1 million. This slight increase was due to a decrease in imports during the October War of 1973.

However, the Egyptian trade balance deteriorated rapidly starting from 1974. The trade deficit began to increase from -326.8 million Egyptian pounds in 1974 to nearly LE-2 billion in 1978, and then peaked at LE-3.9 billion in 1981. This significant increase is attributed to Egypt beginning to import more goods, as a result of increased spending on food security programs, capital equipment, and the inability to export enough to cover the import bill (Richards Waterbury, 1996).

Regarding trade balance growth rates during Sadat's era, Egyptian exports grew on average by approximately 20.1%, imports by approximately 33.6%, the export-to-import coverage ratio by approximately -121%, and the net trade balance by 3.6%. The lowest export growth rate was recorded in 1975 at -7.5%, compared to -7.6% for imports in 1973. The net trade balance growth rate in 1974 was -493.2%, and the export-to-import coverage ratio in 1974 was -47.6%. The highest export growth rate was recorded in 1979 at 89.4%, and the highest import growth rate was in 1974 at 154.8%. The highest net trade balance growth rate was noted in 1981 at 209.1% & finally, the export-to-import coverage ratio was 85.6% in 1997.

Under Sadat, Egypt's export structure was primarily based on oil, cotton, rice, and textiles. Later, it also began exporting goods such as fertilizers, aluminum, and processed foods. After the mid-1970s, oil exports became significantly larger as Egypt began producing a substantial amount. Oil revenues increased when global oil supplies were disrupted. However, non-oil exports did not grow significantly because Egyptian industries were uncompetitive and struggled to produce enough to meet domestic demand or for export. Due to the easing of import restrictions as a result of the Open-Door Policy, imports increased rapidly and unchecked, while Egypt's exports of wheat, food, machinery, televisions, refrigerators, automobiles, industrial spare parts, and military equipment also rose. This placed a strain on Egypt's foreign currency reserves and created chaos in both domestic and international trade (Hansen and Marzouk, 1965; Bosch, 1999).

Regarding Egypt's most important trading partners during Sadat's rule, at the beginning of his era, the Eastern Bloc was the dominant partner, accounting for approximately 60% of Egypt's foreign trade. This was a continuation of the effects of Nasser's economic and diplomatic policies, as most of Egypt's exports, particularly cotton, some raw materials, and basic agricultural and industrial products, were directed to the Soviet Union and Eastern European countries under bilateral trade agreements and facilitated trade policies. However, the Eastern Bloc's share began to decline in the period following the 1974 Open Door Policy, while the West's share rose from about 25% in the early 1970s to 40% during the transitional period after the 1974 Open Door Policy was announced, and to about 50% in the early 1980s. This was due to the gradual shift in Egyptian foreign policy towards America and Europe, and the increasing political rapprochement with the West. Consequently, Egypt's exports became more geographically distributed between East and

West, while the volume of imports (equipment, consumer goods, and technology) from the United States and Europe increased.

Table (6): Egypt's most important trading partners (1970–1981)

Period	Eastern Bloc	Western Bloc	Arab Oil-Producing Countries	Asia, Africa, Latin America
Before the Infitah (Open-Door Policy)	~60%	~25%	~6%	~9%
1975 (Transitional Phase after Infitah)	~40%	~40%	~10%	~10%
Early 1980s	~25–30%	~50%	~10%	~10–15%
Average 1970–1981	~40%	~38%	~9%	~13%

Source: Calculated by the researchers from Egyptian foreign trade data

Despite the increase in investment and trade with Arab countries due to political rapprochement, particularly with the Gulf states during some years of Sadat's rule through remittances from workers and oil capital, the volume of trade with Arab countries remained limited, at approximately 6% and a stable 10% during the period before 1975, after 1974, and until the end of Sadat's rule, respectively. The share of trading partners from Asia, Africa, and Latin America, however, increased slightly, starting at around 9% before 1975, 10% during the transitional period after 1975, and between 10% and 15% by the end of Sadat's rule (World Bank data, 1982). Table 6 illustrates Egypt's main trading partners during the period 1970–1981.

The start of the economic liberalization policy in 1974 caused Egypt's trade balance to go down. The goal of this strategy was to bring in foreign direct investment and boost the private sector. However, it led to a big spike in the cost of imports, especially for luxury and consumer goods, which hurt productive goods. Because there were no rules about imports, a lot of foreign goods came into Egyptian marketplaces. This made people less interested in buying Egyptian goods and made the trade gap worse (Waterbury, 1983).

At the same time, productivity in both the farming and industrial sectors got worse. The agriculture sector's productivity fell because of diminutive investment, small farms, and not using new technologies very much. The industrial sector also had problems since public sector firms weren't being maintained or improved enough, and government intentions to cut subsidies made production prices go up. This made it harder for the country to fulfill market demands with goods from other countries (Ikram, 2006).

The oil price surges of 1973 and 1979 had a double impact on the trade balance. They led to higher global oil prices and increased transportation and production costs, thus inflating the value of Egyptian imports, despite Egypt's partial benefit from exporting limited quantities of oil. The economy also became reliant on remittances from Egyptians working in the Gulf to compensate for the export deficit, making Egypt dependent on unsustainable sources of foreign currency (Richards & Waterbury, 1996).

Egypt's focus on rebuilding its infrastructure and military after the October 1973 war caused a big rise in the cost of importing equipment and raw materials. This drained its foreign exchange reserves and raised its external debt by a lot (Owen & Pamuk, 1998). At the same time, Egypt's ability to export was still limited since it still relied on exporting raw resources and cotton instead of building up manufacturing businesses that could compete in global markets. The trade gap got worse because international demand for Egyptian cotton went down (Ikram, 2006). The so-called "food gap" got worse since the population grew faster than agricultural production. Because of this, the country had to import a lot of wheat, oils, and basic foods to suit its own needs.

Things got worse in 1977 with the Bread Riots, when the government tried to hike food prices because the International Monetary Fund was putting pressure on them. This put a lot of stress on the trade balance. Egypt turned to US funding under the PL480 program to fill this shortfall (Bush, 1999). The Egyptian general budget showed this because the country had to borrow more money from other countries to pay for government spending and import bills because of the ongoing trade deficit. Because of this, the state's foreign debt went from about $2 billion in the early 1970s to more than $20 billion by 1981. This made it hard for the state to pay back its debts, and it also took a lot of its foreign currency earnings. The higher import bill also had an effect on inflation levels (Sulaiman, 2011).

In conclusion, the trade balance got worse during Sadat's time because of short-term economic policies that focused on uncontrolled liberalization without structural reforms in production. This was made worse by population pressures, military spending, and too much reliance on imports and foreign aid. This caused the Egyptian economy to change from a planned production model to a consumer-driven economy that relied on foreign aid. This led to a trade deficit that lasted from the 1970s to the early 1980s (Amin, 1982). Figure 11 shows how trade was balanced during Sadat's time in power (1970–1981).

l. Hosni Mubarak (1981-2011):

During Mubarak's rule, Egypt's approach to other countries changed for several reasons, including its economic situation, population size, global prices, and increased openness to international trade. Over those three decades, Egypt imported more goods than it exported, widening the trade gap. Egypt imported significant quantities of food, energy, machinery, and building materials. Statistics indicate that Egypt's imports averaged LE66.4 billion, while its exports amounted to only LE31.4 billion. This resulted in a substantial deficit of -35 billion Egyptian pounds, with exports covering only 41% of imports. This deficit endured a tenacious anxiety for the economy, even with increasing oil prices, augmented Suez Canal revenues & improved performance in non-oil exports.

The trade balance data reveals three distinct periods. First, from 1982 to 1991, the deficit increased significantly. Egyptian exports averaged LE4.3 billion compared to LE12.5 billion in imports, resulting in a trade deficit of 8.2 billion Egyptian pounds and an export-to-import coverage ratio of 38.5%. The deteriorating performance of the Egyptian economy, the worsening external debt problem, the decline in oil prices, the decrease in remittances from Egyptians abroad, and the increased import bill for food and energy all contributed to the widening trade deficit (Waterbury, 2008).

The second phase (1992–2004) came after the twitch of the Economic Reform and Structural Adjustment Program (ERSAP) in 1991, which was overseen by the World Bank and the International Monetary Fund. These measures helped keep prices from going up too much and made it easier to run the economy. But more free trade led to quicker growth in imports, especially of machinery, equipment, and raw materials, which kept the trade deficit high. During this time, Egypt's exports were worth an average of LE17.8 billion, while its imports were worth LE48.3 billion. This left Egypt with a trade deficit of EGP 30.4 billion and an export-to-import coverage ratio of 35.6%. Even while exports grew in some years, they were hurt by weak industrial competitiveness and the fact that most of them were for a small number of products (Handousa, 1991).

The period from 2004 to 2011 perceived important growth and change. The reduction of customs duties and the privatization of state-owned enterprises, along with changes in investment regulations, contributed to a notable recovery in manufacturing exports, with products such as textiles, fertilizers, chemicals, and processed foods performing particularly well. Exports rose from LE47.7 billion in 2004. However, imports increased even more rapidly, from LE79.7 billion in 2004 to over LE304 billion in 2010. This was largely attributed to fuel, wheat, machinery, and increased purchasing by urban residents (Abdellatif, 2012). As a result, despite the improved performance of exports, the country still suffers from a trade deficit. The average exports for the period amounted to LE101.7 billion, compared to imports of LE187.6 billion, resulting in a trade deficit of LE85.9 billion, and an export coverage ratio of 50.8%.

Regarding trade balance growth rates during Mubarak's era, Egyptian exports grew on average by approximately 17.4%, imports by approximately 20.3%, the export-to-import coverage ratio by approximately -61.4%, and the net trade balance by 195.4%. The lowest export growth rate was recorded in 1986 at -21%, compared to -68.3% for imports in 1984, a net trade balance growth rate of -98.4% in 1984, and an export-to-import coverage ratio of -61.4% in 1985.

During this time, Egypt uses to get a lot of its basic needs, such food and raw materials for its manufacturing, from other countries. Because it has a lot of people and doesn't grow much food, it imports more wheat than any other country. It also buys machines, cars, and electronics from other countries to run its operations and make new goods. Egypt has to buy oil and gas now that it doesn't have enough oil reserves. This has hurt its trade balance. A lot of imports are intermediate and capital products, which means that the country doesn't have a lot of ability to make industrial inputs at home. Because more people are moving to cities, Egypt has to buy vehicles, TVs, and other household items from other countries. Because of this, Egypt relies on other countries for food, energy, and modernization, which is why it always imports more than it exports.

During Mubarak's time, Egypt's international trade evolved due to international political changing aspects & economic liberalization. Due to the Camp David Accords and American assistance, Egypt chiefly affianced in trade with the USA, Western Europe & select Arab countries through the 1980s. In the 1990s, the EU constituted Egypt's key trading partner. The 2001 EU-Egypt Association Agreement eased stronger ties between Egypt and Europe, enhancing trade in goods. In the initial decade of the 21st century, global trade underwent alteration. Egypt imported its electronics & machinery from China. India & Turkey exchanged a greater volume of goods & services in the agricultural & industrial sectors of Egypt. Following the 2004 QIZ agreement, Egypt's textile exports to the USA experienced significant growth. Egypt aimed to enhance exports and align its foreign policy with Western interests and regional security through these trade modifications.

These fluctuations stemmed from inner events, domestic policies & global factors. The Economic Reform & Structural Adjustment Program (ERSAP) started in 1991. It signified an important step toward easing market access, currency reform & tariff reductions. These events helped cut inflation & improve Egypt's credit rating, but they also led the country to import more goods from other nations & widened the gap between rich & poor (Qarni & Desouki, 2010).

Despite modest growth in the industrial sector, Egypt fought to diversify its exports. It relied heavily on exporting raw materials, making it hard to compete with other nations (Handousa, 1991). Although political stability attracted foreign investment, poor governance, weak government performance & slow response to economic problems hindered the growth of globally competitive industries (Adly, 2014).

Egypt also faced unforeseen problems that harmed trade, e.g. the Gulf War (1990-1991), which reduced the flow of foreign labor and trade in the region. The global financial crises (the Asian financial crisis of 1997 and the financial crisis of 2008), which slowed global demand, further negatively impacted Egypt's trade balance and weakened export revenues. Simultaneously, food and gas prices rose sharply between 2006 and 2010. This pointedly amplified import costs in Egypt, worsening its trade problems (Abdel Latif, 2012).

In short, Egypt's trade balance under Mubarak faced some contests due to amplified reliance on imports & a failure to keep pace with export growth. While exports rose slightly in the first decade of the 21st century, mainly consisting of oil, clothing & chemicals, Egypt's imports of food, gas & spare parts for plants also increased. Factors e.g. population growth, energy shortages, the need to purchase food, and the weak competitiveness of the industrial sector worsened Egypt's trade & financial problems. These factors also contributed to the social & political turmoil that preceded the 2011 revolution. Besides, during Mubarak's era, Egypt's trading partners shifted towards the European Union. Figure (13) in appendix (1) shows the trade balance during Mubarak's time (1981–2011).

m. Supreme Council of the Armed Forces (2011-2012), Mourcy (2012-2013), & Adly (2013-2014):

The trade balance situations in Egypt from 2011 to 2012, under the governance of the Supreme Council of the Armed Forces (SCAF), were shaky. Egypt met significant economic challenges following to the 2011 revolution. In this short timeframe, exports totaled over LE188 billion in 2011, compared to LE186.8 billion in 2012 & imports were about LE374 billion in 2011, rising to LE442.4 billion in 2012. This led to a trade deficit of LE185.7 billion in 2011, swelling to LE255.6 billion in 2012, while the export-to-import coverage ratio failed to 50% in 2011 from 42% in 2012. This resulted from governmental instability, challenges in production and distribution, and heightened consumer demand for imported goods fueled by ongoing uncertainty. The declining economy further complicated access to foreign currency, intensifying the trading predicament.

In retrospect, this clears a turning point in Egypt's trade. Instantly following the revolution, economic conditions deteriorated significantly. This bares some long-standing problems, such as the concentration of Egyptian exports and the instability of the political situation. The trade deficit was much higher than it had been under Mubarak, signifying Egypt's vulnerability to internal events and external shocks. In short, Egypt suffered an unprecedentedly large deficit. Therefore, subsequent governments attempted to reform the economy & restore trade balance and financial stability. Figure (14) in appendix (1) shows the trade balance during the Supreme Council of the Armed Forces (2011-2012).

Egyptian trade data for 2013, when Morsi assumed the presidency, reveals a continued large trade deficit following 2011. Exports reached LE199.9 billion, while imports totaled LE456.7 billion, resulting in a trade deficit of LE256.6 billion. The export-to-import ratio was 44%. This weighty deficit was worsened by the situation following the 2011 revolution, as Egypt had mainly exported the same goods. Parallel, Egypt's import bill surged to meet domestic needs, keep plants running & allow consumers to purchase goods.

This trade balance deficit shows how poor Egypt's economy is, particularly since the political unrest has made people less eager to invest. Morsi's administration had to deal with the same trade difficulties that cropped up after the revolution. The size of the deficit revels that wild changes in politics & long-term difficulties in the economy could make trade problems shoddier. It's tough to sustain a trade balance when the government is in upheaval & the economy is weedy after only a year in rule. Figure (15) in appendix (1) shows the trade balance during Mourcy (2012-2013).

In 2014, when Adly Mansour was in power, Egypt's trade deficit was still a major headache due to the prevailing political and financial turmoil. Egypt exported LE195.6 billion, while imports totaled LE524.3 billion. This resulted in a trade deficit of -328.7 billion Egyptian pounds, with an export-to-import coverage ratio of 37%. This deficit stemmed from structural economic issues & the fluctuations that followed Morsi's removal. Exports failed across the same commodity groups, whereas imports continued to increase to meet domestic demand as the country was rebuilding.

Mansour's short time in office didn't ease the trade balance challenges that started following the revolution. The large and long-lasting trade deficit revels how tough it was for the interim administration to soothe the economy, handle foreign exchange & deal with the trade issues that were instigating it. This displays how political problems offended trade balance & how hard it is for the economy to get better. Figure (16) in appendix (1) shows the trade balance during Adly (2013-2014).

To conclude, from 2011 to 2014, Egypt's trade balance indicated significant economic instability following the revolution. Between 2011 and 2012, under the Supreme Council of the Armed Forces (SCAF), exports remained approximately LE188–187 billion, while imports increased from LE374 billion to LE442.4 billion, resulting in trade deficits of LE185.7 billion and LE255.6 billion, with export-to-import ratios falling below 50%. The exacerbation of these discrepancies is attributable to political instability, production challenges, and increased consumer demand. Upon Morsi's assumption of power in 2013, the deficit persisted: exports totaled LE199.9 billion while imports reached LE456.7 billion, resulting in a coverage ratio of 44%.

The economy's fragility & the challenges of upholding trade balance under political turmoil were evident, as structural export concentration remained an issue and import demands increased. In 2014, under the leadership of Mansour, the trade deficit extended to LE328.7 billion. Exports continued unaffected, nevertheless imports amplified to LE524.3 billion, ensuing in a decline of the coverage ratio to 37%. The persistent trade deficits indicate that Egypt's trade balance was stalled by political instability, deficient economic contexts, and dependence on an inadequate array of exports. This hampered the ability of succeeding provisional governments to recuperate.

n. Abdel Fattah el-Sisi's period (2014–2024):

Statistics on Egypt's trade balance under Sisi's administration revels that the amount of foreign trade has altered a lot, nonetheless these fluctuations have also made the trade balance deficit higher, which has keeps getting worse. Exports went grownup from about LE195.6 billion in 2014 to LE2.06 trillion in 2024, which is more than nine times higher in ten years. Imports, in contrast, went up from LE524.3 billion to LE4.28 trillion in the period, which obviously displays that the trade deficit is growing. This form shows that the rise in exports wasn't sufficient to make up for the vast gain in imports, which led to an average annual trade imbalance of about -LE840.7 billion.

This image displays how the Egyptian economy requests imports to meet its rising demand for consumer goods, which is caused by population surge, and for capital goods, which is caused by projects to build industry and develop new infrastructure (World Bank, 2024). The export-to-import ratio was from 0.3 to 0.5 during this time, which means that for every LE1 of exports, there were LE2 to LE3 of imports. This revels that the trade balance was not balanced (Central Agency for Public Mobilization and Statistics, 2023).

In terms of time growths, the lowest trade deficit was in 2015, amounting to -LE401 billion, while the highest deficit was documented in 2024, amounting to -LE2.22 trillion. This decay is related to some factors, most remarkably the liberalization of the exchange rate in 2016, which directed to a rise in the value of exports in Egyptian pounds due to the currency's devaluation. Yet, this also pointedly elevated the cost of imports (IMF, 2017).

The COVID-19 disease in 2020 similarly donated to a passing decay in both exports & imports. The most important impact, however, came from following worldwide crises, chiefly the Russia-Ukraine War (2022–2023), which drove up the prices of strategic commodities e.g. wheat & energy, further troubling the import bill (UNCTAD, 2023). Contrariwise, Egyptian exports observed a relative advance after 2020 because of the growth in exports of natural gas, fertilizers & gold, supported by rising international prices & the growth of the energy sector's infrastructure following gas discoveries in the Mediterranean (Petroleum, Statistical Report, 2023).

However, Egyptian exports continued low in added value & dependent on raw materials & semi-finished products, which condensed their capacity to offset manufacturing and technological imports (OECD, 2022). Refer to Table No. (7), which reviews the most significant growths in the trade balance during Sisi's term.

Table No. (7) Reviews of the Growth of the Trade Balance During Sisi's Period

Indicator	Lowest Value	Highest Value	Average	Note
Exports	168.1 billion (2015)	2.06 trillion (2024)	689.5 billion	Strong growth after flotation

Indicator	Lowest Value	Highest Value	Average	Note
Imports	524.3 billion (2014)	4.28 trillion (2024)	1.53 trillion	Continuous rise despite excuse programs
Deficit	-328.7 billion (2014)	-2.22 trillion (2024)	-840.7 billion	Ongoing deterioration
X:M %	0.3 (2015–2016)	0.5 (2021–2024)	0.4	Slight improvement, still below balance

Sources: Calculated by Researchers

To explain the complexity of the trade balance problem, Egyptian foreign trade data for 2023 discloses a strong disparity in the structure of exports & imports rendering to the phases of manufacturing. This mirrors the landscape of the Egyptian economy, which depends severely on imports of intermediate & capital goods essential for production. Exports of raw materials constituted roughly 18.62% of total exports, while imports of raw materials accounted for about 20.81% of total imports. Intermediate goods—the components used in manufacturing processes, shaped the prime share of trade at 37.96%, equated to imports at 30.85%. Concerning consumer goods, Egyptian exports signified 39.87% of total exports, whereas imports of these goods touched 30.04%. The data also displays a relative weakness in capital goods, with exports representing only 3.03% of total exports, compared to a high import rate of 18.28% of total imports. These gauges display that Egypt still depend on foreign sources to deliver production inputs and capital goods, while its exports are concentrated in raw materials, intermediate goods and consumer goods, which reflects the semi-manufacturing nature of the Egyptian economy, which seeks to improve added value in exports by developing local industrial sectors.

Concerning Egypt's key trading partners, 2023 Egyptian trade balance data revels that Egyptian exports were concentrated in a restricted number of key markets. Turkey ranked first among nations importing from Egypt, accounting for 8.56% of total Egyptian exports, trailed by Italy at 7.65%, Saudi Arabia at 6.28%, the UAE in fourth place at 5.23%. The USA ranked fifth, with exports representing 4.71% of total exports. On the import side, China outdone the list of main sellers to Egypt, accounting for 15.71% of total Egyptian imports, making it the main import partner. Saudi Arabia tailed with 6.56%, the USA with 6.17%, UAE with 5.98% & Germany ranked fifth, by 4.95% of Egypt's total imports.

To sum up, the fluctuations in Egypt's trade balance over Sisi's time in power revels that there are greater problems with the economy, such as a weedy manufacturing and productive basis and a substantial dependence on imports to meet domestic and production requests. In other words, Egypt's trade deficit from 2014 to 2024 is more structural than situational. This is because the Egyptian economy depend on imports to supply the needs of industry and domestic consumption.

Most of Egypt's exports are still raw materials or semi-finished items. Conversely, most of Egypt's imports are high-tech goods, which makes the trade imbalance bigger (World Bank, 2024). The imbalance has continued even if overall exports have gone up. This is because the manufacturing sector doesn't contribute much to GDP and investments in areas that make goods for export are going down. This shows how important it is to have policies that replace imports and to strengthen local manufacturing as a key way to achieve a sustainable trade balance. Even if the government is trying to boost exports by supporting exporters and expanding African and Arab markets, the way foreign trade works is still very much in favor of imports. To achieve a healthy trade balance, Egypt needs to make more things locally, make its products more valuable, and invest in new technologies and ideas to make its exports more competitive.

12.Conclusion:

Political instability, global events, and important fluctuations within Egypt itself significantly inclined how the country traded with other countries between 1884 and 1824. The colonial economy had a profound impact on Egyptian trade in the late 19th and early 20th centuries. Raw cotton was virtually the only commodity Egypt exported. Therefore, the price of cotton was the primary determinant of whether Egypt would earn more from exports or spend more on imports. Egypt exported mostly a single crop and imported a vast array of goods from Europe. Consequently, trade performance during this period reflected a classic colonial pattern: export concentration, import dependence, and vulnerability to global commodity cycles. World War I and the subsequent turbulent years also impacted Egypt's trade situation for a time. The war increased the demand for cotton and wheat, resulting in exports exceeding imports in 1917 and 1918.

By the 1920s, exports had performed surprisingly well, driven by high cotton prices and import controls, rather than by any improvement in Egyptian production. With the onset of the Great Depression in 1929, import capacity declined everywhere. This kept Egypt's export-to-import ratio above 100% in the early 1930s, as imports fell at a faster rate than exports. World War II had a significant impact on Egyptian trade. As the war intensified and the Allies controlled Egyptian products, exports fell sharply relative to imports between 1942 and 1944, due to a shortage of goods available for sale. After the war ended and Egypt started to get well, trade balance upgraded somewhat, however it never returned to pre-war levels. The late 1940s witness political instability, rising prices, and amplified import costs, which exposed softness in the Egyptian industrial sector.

The Egyptian economy underwent radical transformations after the 1952 revolution and Gamal Abdel Nasser's rise to power. The country began focusing on government-supported growth, domestic manufacturing instead of imports, and heavy investment in public works projects. This necessitated importing vast quantities of equipment and materials from abroad. As a result, Egypt began importing far more goods than it exported in the 1950s and early 1960s. Exports typically covered only 50% to 80% of its import needs. Land reforms for agriculturalists, the nationalization of firms, and the growth of heavy industries contributed to the economic change, but the trade deficit get worse because Egypt continued reliant on foreign technology & materials for manufacturing its products.

The 1967 war with Israel further intricated the condition. The Suez Canal was closed, imposing Egypt to decrease its imports. This situation briefly improved the export-to-import ratio in the late 1960s and early 1970s, exceeding 90%. However, this was not due to increased exports, but rather because the war forced Egypt to reduce imports and allocate resources to the military.

In the mid-1970s, President Sadat's open-door policy brought about a radical transformation. As Egypt opened up to trade, remittances from expatriate workers and foreign investment flowed in, and its role in the global economy increased, imports of consumer goods and equipment rose sharply. Exports, however, remained largely unchanged: agricultural products, some manufactured goods, and a small amount of oil. Consequently, the export-to-import ratio fell sharply between 1974 and 1984, often dropping below 50%, resulting in a massive trade deficit for Egypt. While the oil boom in the Gulf did increase the demand for Egyptian labor, it did not translate into a significant expansion of Egypt's exports. This highlights a real gap between what Egyptians want and what they are capable of producing.

By the 1980s, Egypt was mired in debt, forcing it to negotiate with the International Monetary Fund and the World Bank. Programs in the 1990s aimed to boost Egypt's competitiveness, but the export-to-import ratio remained stagnant between 20% and 40% between 1985 and 1999, indicating persistent structural deficits. The early 2000s saw a slight improvement, largely due to currency devaluation, which encouraged exports and increased natural gas sales. Between 2000 and 2010, the trade balance improved, rising from 50% to 66%. This development was driven by growth in manufactured exports (such as textiles, chemicals & processed foods) and amplified energy exports. Nevertheless, the condition remained hazardous owing to Egypt's continued need to import great amounts of food, supplies, and equipment. The 2011 revolution worsened the trade condition, with the trade deficit sinking to nearly 40%, and even exceeding 30% by 2016. Political difficulties, a decline in tourism revenues, and factory shutdowns all contributed to this decline.

The period from 2017 to 2024 witnessed fluctuations in exchange rates and inflation, in addition to challenging circumstances such as the COVID-19 pandemic and significant increases in global prices. In 2021, Egyptian exports improved slightly compared to imports. This was due to enlarged natural gas sales & a relative decrease in imports from other countries as a result of the devaluation of the Egyptian pound. However, this situation didn’t last long, signifying the continued struggle of the Egyptian economy with long-standing trade problems. Despite Egypt's efforts to develop its industry & diversify its products, the country still suffers from a large trade deficit.

Appendix (1)

Figure (1): The TB during the reign of Abbas Hilmi I (1848-1854)

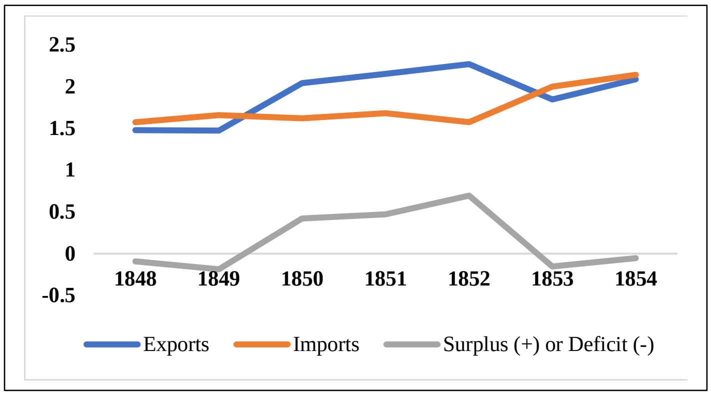


Figure (2): The TB during the reign of Said (1854-1863)

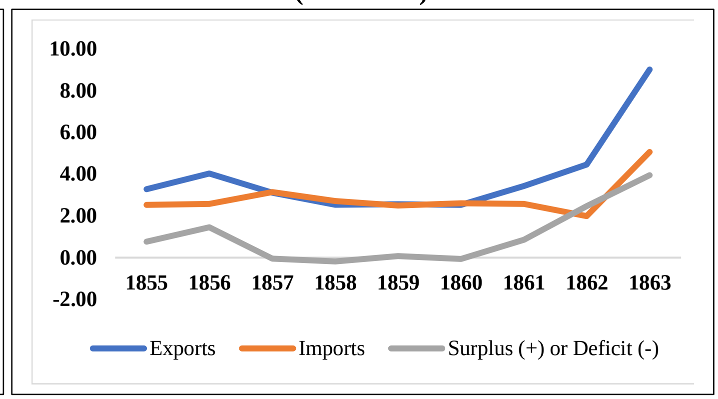


Figure (3): The TB during the reign of Ismail Pasha (1863-1879).

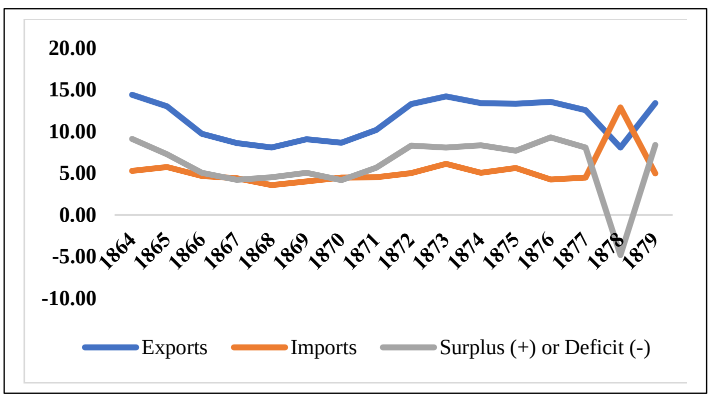


Figure (4): The TB during the reign of Tawfiq Pasha (1879-1892).

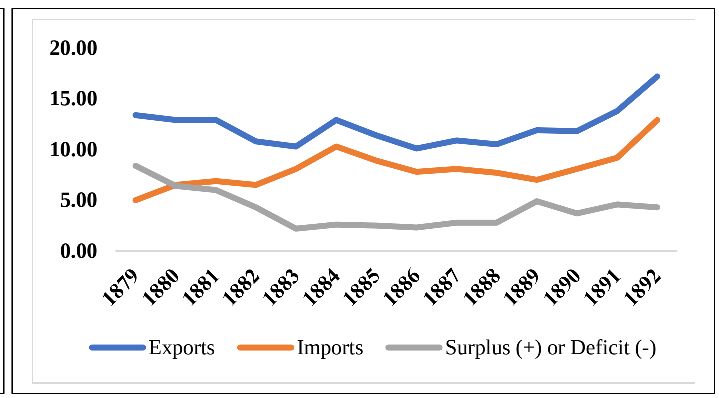


Figure (5): The TB during the reign of Hilmi II (1892-1914)

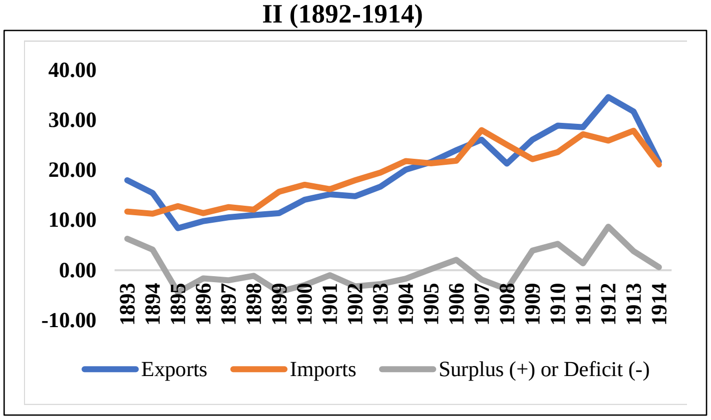


Figure (6): The TB during the reign of Hussein Kamel (1914-1917).

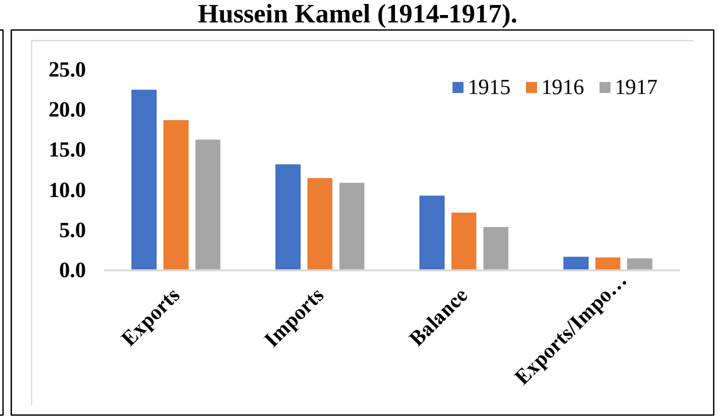


Figure (7): The TB during the reign of Fuad I (1917-1936)

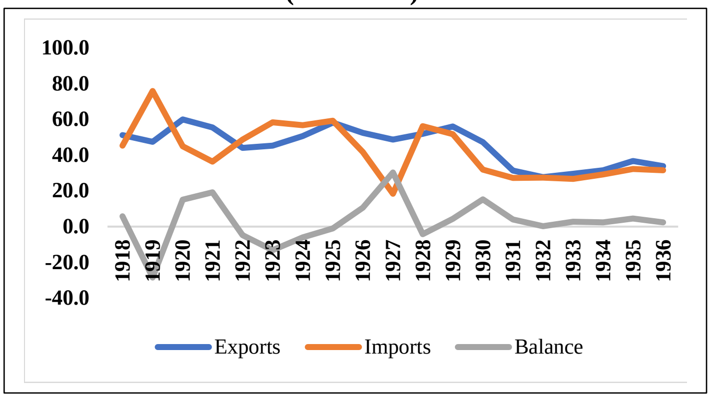


Figure (8): The TB during the reign of Farouk I (1937-1952)

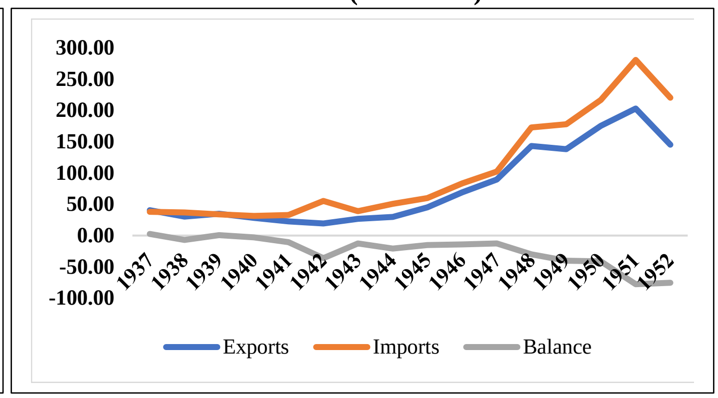


Figure (9) The TB during the rule of Naguib & the RCC (1953-1954)

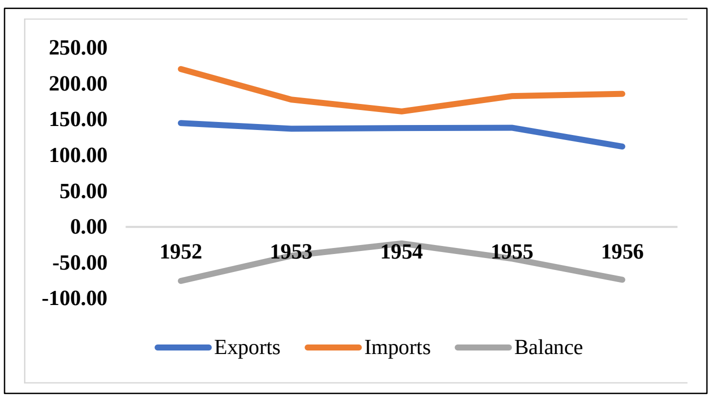


Figure (10) The TB during the rule of Nasser (1956-1970)

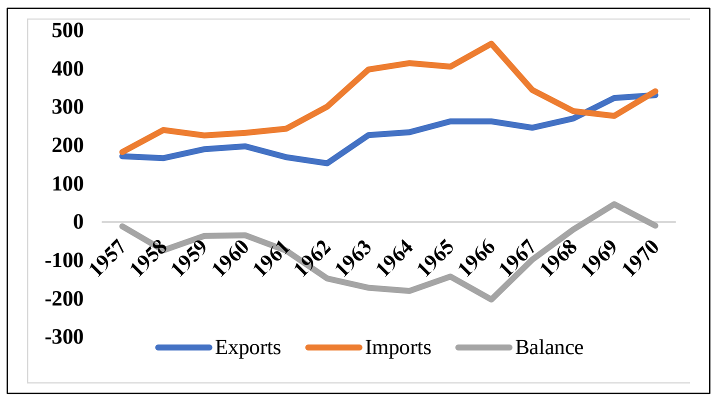


Figure (11) Trade balance during Sadat's rule (1970-1981)

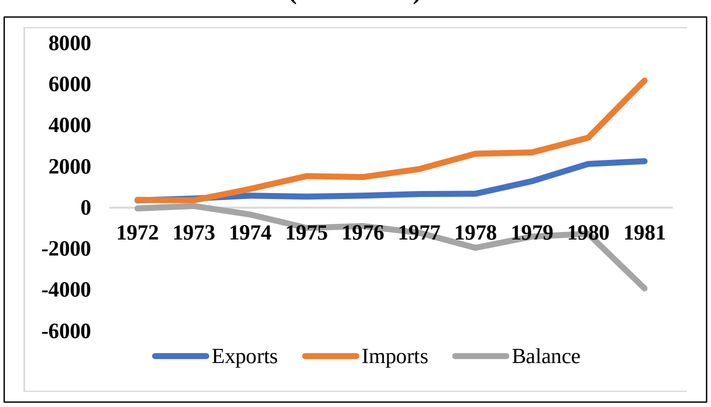


Figure (12) Trade balance during Mubarak's rule (1981-2011).

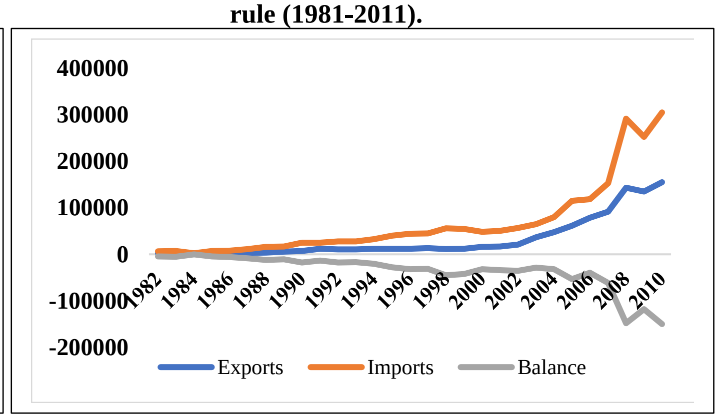


Figure (13) The trade balance during the era of the MSC (1911-1912)

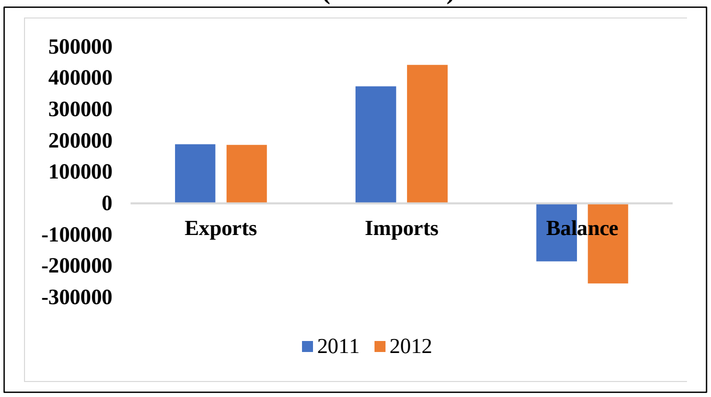


Figure (14): The trade balance during the period of Morsi (1912-2013)

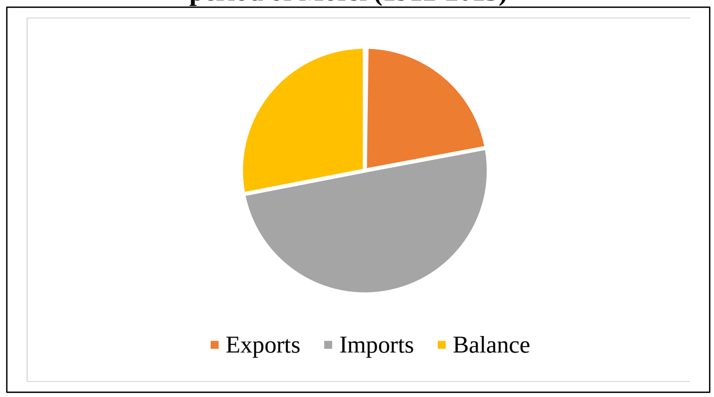


Figure (15) Trade balance during Mansour's period (1913-1914)

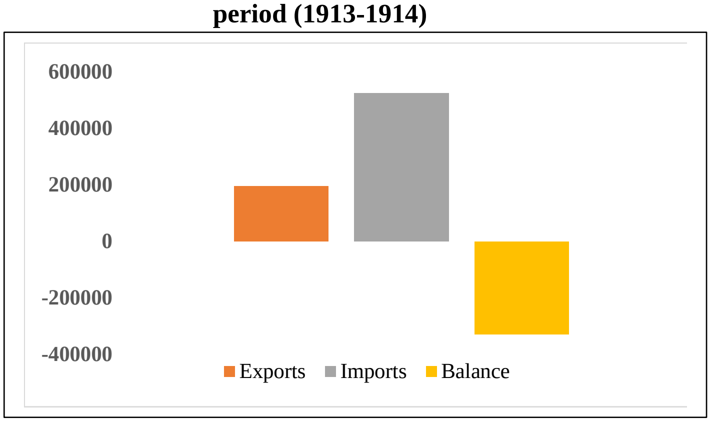
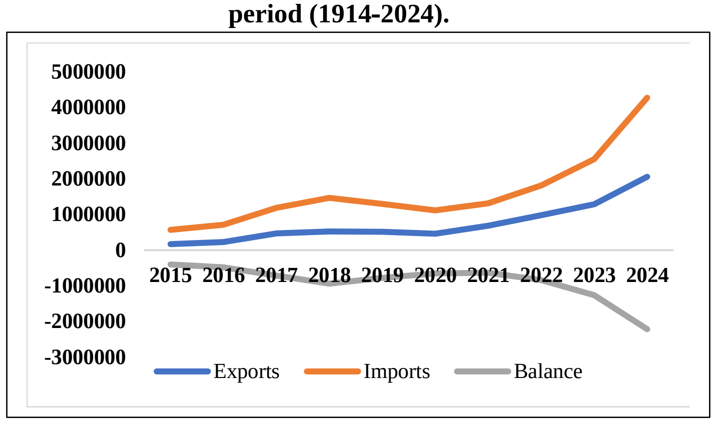


Figure (16): Trade balance during Sisi's period (1914-2024).



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الاقتصاد السياسي للاختلالات التجارية في مصر، ١٨٤٨-٢٠٢٤: تحليل حاكم تلو الآخر للتغير الهيكلي، والاعتماد الخارجي، والتحول الاقتصادي.

الملخص:

تقدم هذه الدراسة تحليلا تاريخيا واقتصاديا شاملا للميزان التجاري لمصر من عام 1884 إلى عام 2024، مغطيةً أكثر من 140 عاماً من التحولات الهيكلية والتغيرات السياسية والاندماجات العالمية. وتبحث الدراسة في كيفية تأثير التبعيات الاستعمارية، سياسات التحرير، عمليات التأميم بعد الاستقلال، القلاقل السياسية، والإصلاحات الاقتصادية على ديناميكيات الميزان التجاري المصري. وتشمل الأهداف الرئيسية لهذه الدراسة، رسم مسارات الميزان التجاري عبر الأنظمة السياسية المصرية، وتحديد التحولات الهيكلية الناجمة التغيرات الجيوسياسية، الاقتصادية، وتقييم استدامة كل من العجز والفائض، واستخلاص دروس اقتصادية لتعزيز القدرة التنافسية للصادرات.

ولتحقيق أهداف الدراسة قام الباحث باستخدام منهجية استقرائية، من خلال دمج تحليل المراجعات تاريخية النوعية مع بيانات السلاسل الزمنية الكمية من مصادر مثل الجهاز المركزي للتعبئة العامة والإحصاء، والبنك المركزي المصري، وقواعد بيانات التجارة التابعة للأمم المتحدة، والسجلات التاريخية. مع تُحليل أنماط التجارة من خلال تقسيم هذه السلاسل وفقًا لتسلسل الحكام، بدءًا من الفائض الزراعي في عهد عباس حلمي الأول وصولًا إلى العجز المتزايد في عهد السيسي.

وقد كشفت نتائج التحليل عن عجز مستمر متجذر في صادرات المواد الخام (مثل هيمنة القطن حتى سبعينيات القرن الماضي) وواردات المنتجات المصنعة، والذي تفاقم بفعل صدمات أسعار النفط والنمو السكاني والتوترات الجيوسياسية. وتُبرز الدراسة هشاشة مصر أمام تقلبات أسعار السلع العالمية والقصور المؤسسي. وتؤكد التوصيات السياسية على أهمية التنويع والاستثمار في رأس المال البشري والتحديث التكنولوجي لتحقيق توازن تجاري مستدام، بما يعزز النمو طويل الأجل والاندماج العالمي.

الكلمات المفتاحية:

الميزان التجاري، الاقتصاد المصري، المتغيرات السياسية.