Economic and Political Impact of the Russia-Ukraine War on Egypt

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ABSTRACT
The launched Russian invasion of Ukraine has had a severe economic and political impact on all over the world. Concerning Egypt, it caused an incredible threat to key wheat imports, some 80% of which have so far come from Russia and Ukraine. Furthermore, the ongoing war is the main reason that the world food prices have generally risen to a 10-year high. Because of the war, the tourism, already hard hit by the COVID epidemic, was negatively affected, although it had hoped to make up the shortfall by the return of 300-400 000/month Russian tourists. The war in Ukraine has also resulted in depletion of foreign currency reserves in Egypt. The balanced foreign policy of Cairo is also in a delicate position and has a particular interest in supporting the development of the domestic economy. The country is in need of investment and loans from the America and Europe and is also engaged in inevitable cooperation with Russia in food import, energy and military affairs.

Keywords: Russia-Ukraine war; Western states; foreign policy; food security; tourism; hard currency shortage

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Introduction

The outbreak of the Russian-Ukrainian war had serious consequences for Egypt in many ways. The biggest challenge is the resulting food security crisis, which in itself poses a serious threat to the economy. The Arab state, the world’s largest wheat importer, is facing inflation not seen since the unrest that toppled the government of President Hosni Mubarak a decade ago, the 2015/2016 hard currency shortage and the crisis caused by the International Monetary Fund.

The aim of this study is to present the areas affected by the direct, immediate consequences of the Russian-Ukrainian war on Egypt. Here, the authors discuss the background to Egypt’s peculiar, aloof foreign policy, the problems in the country’s food supply and possible alternatives to solve them. They also present the budgetary problems and the measures taken to overcome them, the attempts to find a way out of the already difficult situation of the tourism sector due to the pandemic, as well as the possible domestic political risks of adverse effects. The conclusion emphasizes that if the current problems, especially food security, worsen or even persist, unfavourable developments may arise that may have harmful consequences not only at the regional but also at the global level.

Egypt’s distant foreign policy

The Russian invasion launched against Ukraine on February 24 was met with surprise by the Egyptian leadership, which has maintained balanced relations with both Moscow and Western-backed Kiev. It has therefore tried to remain impartial in the conflict and called for dialogue in order to resolve the conflicts and end war situation as soon as possible, instead of condemning either side, which in turn led to disappointment on the part of Western allies, primarily the USA. Egypt gave up its neutral position on the issue only at the urging of the G7 and EU ambassadors, when it voted for the UN General Assembly’s resolution condemning the Russian invasion on March 2 (Salah, 2022). However, just a few hours after the vote, the government issued a statement in which it urged a substantive investigation of Moscow’s national security concerns regarding Ukraine as soon as possible. It also criticised the sanctions imposed by the United States and Europe against Russia, which it considered illegitimate and consistently refused to apply them (Hamzawy, 2022). In this respect, it was significant when President Sisi visited Serbia, which also has friendly relations with Moscow, during his six-day European tour, in addition to France and Germany.

During his three days there, 13 agreements and declarations were signed to enhance cooperation in political, economic, and other fields, and the first economic forum between the two countries was held, with the participation of 130 Egyptian and Serbian companies.1

The main reason for this distancing policy is the Egyptian government’s desire to secure continued financial support from the West, while at the same time being careful not to damage the excellent political and economic relations with Russia that have been built up since President Abdel-Fattah el-Sisi came to power in 2014. The latter has been exemplified by, among other things, the personal relationship between the two heads of state and the annual “2+2” meetings between the two countries’ foreign and Defence Ministers. Moreover, Russia is one of Egypt’s top 10 trading partners and the two sides signed the Comprehensive Partnership and Strategic Cooperation Agreement in 2018. The value of bilateral trade reached $3.3 billion in 2021, of which $2.8 billion was Russian exports to Egypt and only $490 million was Egyptian exports to Russia (Aziz, 2022). Russian direct investment in the Arab state has increased in recent years, mainly in oil and gas exploration, agriculture, food and machinery. Major Russian companies such as the oil companies Rosneft and Lukoil and the Lada car manufacturer are operating in Egypt, while Transmashholding, the largest manufacturer of locomotives and rail equipment in Russia, with the participation of the Hungarian side, is contributing to the renewal of Egyptian rail transport with the delivery of 1,300 trains (Saied, 2022a).

In addition, Cairo tacitly supported Russian military intervention in Syria and was ready to acknowledge President Bashar al-Assad remaining in power, while in Libya the two governments (Egypt and Russia) jointly supported General Khalifa Haftar and his allies militarily and financially. Furthermore, to reduce its dependence on the United States, Cairo has also concluded significant military and energy agreements with Moscow over the last ten years, particularly after tensions arose in its relations with Washington over so-called human rights violations. Thus, 41% of the new combat equipment for the Egyptian armed forces was purchased from Russian

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1 The most significant short-term outcome of the talks was the agreement on the export of Serbian wheat to Egypt. In addition, Egyptian President Sisi and Serbian President Vucic signed a partnership declaration, and a free trade agreement is planned to be concluded by the end of 2022. (Bzganovic, 2022; Magdy, Muhammed, 2022b)
sources between 2016 and 2020, making Moscow effectively Cairo’s main arms supplier. In addition, Russia is establishing an industrial park in the Suez Canal Economic Zone, which is expected to attract $7 billion in new investment and create about 35,000 jobs, 90% of which are expected to be filled by Egyptians. Moscow is also financing and building Egypt’s first nuclear power plant, near El-Dabaa city, some 300 kilometres north-west of Cairo, which construction work began in July 2022. According to the Nuclear Power Authority, the owner and operator of the project, the plant will consist of four units, each with a capacity of 1,200 megawatts. The total cost of the project is $28.5 billion, of which $25 billion is provided by Russia in the form of a 35-year loan (Mahmoud, 2022). Last but not least, especially on the GERD issue, Egypt expects a lot from Moscow (mainly political pressure and support), which also has good relations with Ethiopia and could therefore play a decisive role in the peaceful settlement of the tension over the use of the Nile water (Shousha, 2022).

For all these reasons, President el-Sisi does not want to alienate Putin, even though international pressure on the Russian head of state has clearly and continuously increased since the beginning of the war. At the same time, Egypt is an unavoidable factor for Moscow in its policy and communication with the Third World. This was well illustrated, among other things, when Russian Foreign Minister Sergey Lavrov began his tour of Africa in Egypt on 24 July, barely two weeks after US President Joe Biden’s visit to the Middle East, where he used his speech at the Arab League to both reiterate the Kremlin’s narrative on Ukraine and reaffirm previous commitments. However, sanctions against Russia raise serious doubts about the implementation of signed contracts and launched projects.

**Food security**

Over the past 25 years, the Black Sea region has grown from a net food importer to one of the largest suppliers of cereals and vegetable oils in all over the world. This was perfectly illustrated by the fact that before the outbreak of the war, Russia and Ukraine exported 34% of the world’s wheat, 17% of maize, 27% of barley and 73% of sunflower oil. The image is further complicated by the fact that around 12% of the total internationally traded calories came from these two countries alone. Russia also plays a prominent role in the international sales of fertilizers based on nitrogen (15%) and potassium (33% jointly with Belarus). It is also a major player in the production of oil and natural gas, which are of particular importance in the food industry and in the production of fertilisers, as well as in the delivery and sale of products (Glauber – Laborde, 2022). All of this added together makes it understandable the adverse effects that the Russian-Ukrainian war has on the global food markets in a direct or indirect way.

In Egypt, the liberalisation policies introduced earlier, the reduction of public spending and the phasing out of agricultural subsidies have already led to a decrease in local productivity. This has been compounded by the slowdown in the Arab region’s integration with global markets and the preference for export-oriented production of higher-income crops in arable land. As a result, the Arab state is now clearly vulnerable to food imports. It imports up to 13 million tonnes of wheat from foreign sources every year, making it the world’s largest wheat importer. Bread and other wheat products account for around 35–39% of the calorific intake per capita. Although crop yields are relatively high, domestic production has not kept pace with the country’s population of 105 million people, which is growing at an annual rate of 1.9%. As a result, the level of imports to meet food needs has risen steadily over the past three decades, and currently about 62% of the cereals consumed are imported (Abay – Abdelfattah – Breisinger – Glauber – Laborde, 2022).

The picture is further complicated by the fact that, despite efforts to diversify sources of supply, around 80% of imported wheat comes from the Black Sea region, which has been an increasing problem for the Egyptian budget. Even before the outbreak of the Russia-Ukraine war, the government spent around $3 billion a year on wheat purchases, which could now be worth up to $5.7 billion thanks to the boom in world prices. Food price inflation more than doubled in the first four months of 2022. Across product groups, this meant that import costs rose by 49% for fresh fruit and vegetables, 49% for wheat and 93% for oil and oil products in one year (Rivlin, 2022).

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2 The original objectives of the project, financed by the Russian Export Center and the Russian Central Bank, were to be completed over 12 years, the costs of which were to be repaid in 50 years. However, war will almost certainly change the terms and conditions. (Abu Zaid, 2022b)

3 Another example of Moscow’s efforts to gain ground in Africa was Lavrov’s announcement during his stay in Cairo that the second Russia-Africa summit would be held in mid-2023. (Magdy, Samy, 2022)

4 The world price of wheat, for example, had already risen to $523 in early March 2022, a 10-year high. (Ibid.)
Increased costs threaten the so-called Aish Baladi5 Bread Subsidy Program, on which more than $3.24 billion has been spent so far.6 Around 9 million tonnes of wheat are needed to ensure that some 70 million Egyptians - 73% of Egyptian households - continue to have access to the same preferential bread prices as before, which have remained unchanged since the 1980s (Awadalla, 2022). To complicate matters, Egyptian Minister of Supply and Internal Trade Ali Moselhy announced on 2 February - 22 days before the Russian invasion of Ukraine - that the country's strategic wheat reserves were only enough for five months.7 In the six months or so since then, reserves have increased modestly, not least thanks to the 1.9 million tonnes of wheat purchased abroad since the start of the current financial year, the export ban on wheat, broad beans, lentils and pasta, new regulations and incentives to support Egyptian farmers, and the 3.9 million tonnes of wheat harvested by the end of June (Ahram Online, 2022). However, the quantity accumulated by August would still only have been enough to cover the country's wheat consumption for seven months.8 The government has therefore ordered bakeries to reduce the weight of subsidised bread as an emergency measure, with effect from 18 August (Awadalla, 2022). The new weight of the bread, reduced to 90 grams, will certainly not go unnoticed by consumers, which will require increased caution on the part of the Cairo Administration. The government’s decision to fix the price of bread sold outside the subsidy scheme is also due to the latter’s intervention, to avoid the risk of price increases leading to social unrest (The Arab Weekly, 2022a).

In order to solve the crisis caused by the war between Russia and Ukraine, the International Food Policy Research Institute's (IFPRI) analysts consider it essential to diversify wheat import sources more effectively. The contract signed in June with India to buy 180 000 tonnes of wheat, for example, appears to be a temporary solution from this point of view (El Safty, 2022). However, the quantity fixed at $400 per tonne is only a fraction of demand, and the exact date of delivery is currently unclear. An alternative source of supply could be the southern hemisphere, including Argentina and Australia, where deliveries are made mainly in late autumn and early winter. In addition, Canada and Kazakhstan are also significant producers, with an autumn harvests. In the coming year - and beyond - exports from these regions could make up much of the shortfall in Ukrainian supplies caused by the drop in supplies. However, longer transport routes and higher oil prices will lead to a sharp increase in transport tariffs, which will then significantly raise procurement costs.

It is also necessary to reduce the consumption of bread per capita, which is currently twice the global average.9 Restructuring of the food subsidy program and the range of beneficiaries is deemed essential, as households that are not in need currently receive around two-thirds of the value of the subsidies. The practical application of this would allow savings to be made which could then be used to finance other food security interventions, such as the restructuring of food security strategies, the modernisation and efficiency of local production systems, or the modernisation of water and land management. In the long term, these could provide solutions to the threats posed by water shortages, climate change and overpopulation. In this regard, the first encouraging signs were already visible in mid-June, when President el-Sisi inaugurated one of the various development projects, an integrated livestock and dairy complex with a capacity of up to 5 000 cattle and a mechanised slaughterhouse with a production capacity of 1.5 tonnes in Sadat city in Menoufia Governorate (Asharq Al-Awsat, 2022).

**Fiscal problems**

In addition to the price boom in the global food markets, the effects of the COVID-19 epidemic, the unequal competitive conditions in the economy due to the expansion of the army and the state, and the failures of the Cairo leadership’s misguided economic policies aggravate the unfolding crisis in Egypt’s financial sector. The scale of the crisis is

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5 Egyptian Arabic Flatbread similar to pita but made with whole wheat flour.
6 Only 10% of the costs of bread production are covered by the participants in the program, the rest is paid by the government. (Al-Arabiya News, 2021)
7 At the same time, the country had enough reserves for 5.5 months of vegetable oils and five months of sugar. (Atallah, 2022)
8 The supply minister announced that, in addition to wheat, 3.3 months’ worth of rice reserves, more than six months’ worth of sugar reserves and 6.2 months’ worth of vegetable oil reserves have been accumulated. (The Arab Weekly, 2022b; El Safty, 2022)
9 According to relevant statistics, Egyptians consume 150–180 kilograms of bread per person per year, well above the global average of 70-80 kilograms. A shift to more varied food groups would therefore not only have a positive impact on the country's self-sufficiency but would also provide an opportunity to reduce the high rates of obesity closely linked to food subsidies and the consumption of energy-dense foods. (Hendawi, 2021)
clearly shown by the fact that the unemployment rate reached 7.2% in 2022, while the number of Egyptian workers abroad is falling and, as a result, the volume of remittances they have been sending.10 In addition, the country’s external debt has already reached $140 billion, and between the end of January and the end of March 2022, some $15 billion of so-called “hot money” - short-term, high-yield foreign investment, mostly in the local debt market - left the country (Saleh, 2022). In addition, Egypt lost about $3 billion of foreign capital in the period between the invasion that began on 24 February and 2 March alone (Al-Anani, 2022). The country’s current account deficit in the first nine months of the 2021/2022 fiscal year (July–March) was $13.6 billion, and the merchandise deficit increased by $3 billion due to a $14.9 billion increase in imports of goods (oil and non-oil) (Business Today Egypt, 2022). Finally, the country’s foreign exchange reserves were reduced to $33.14 billion over the course of seven months, which represented a 19% decrease compared to 40.93 billion dollars at the end of December 2021 (Correspondent, 2022). At the same time, the Egyptian national currency hit an all-time low in August, when more than 19 Egyptian pounds were paid for one US dollar (Egypt Independent, 2022).c.

Because of the ongoing war, inflation was rampant, reaching 14.7% in June 2022 compared to 5% in the same period of the previous year (El Sirgany – El Wardani, 2022). Increased prices and emerging economic uncertainty led to a reduction in production and new orders, which particularly affected energy, food, and raw materials producers (Al-Monitor Staff, 2022).

Many have also criticised the huge cost of large-scale projects at a time when the country has already accumulated a huge debt. For example, the procurement of a new $23 billion electric train, the construction of the first single-track railway11 and the long-distance "LRT", which cost €2.7 billion, were seen as failures. To solve the funding problems in this case, the Egyptian government has put forward a proposal to name the new railway and metro stations after wealthy individuals or municipalities that have taken on the cost of building the facilities.12 However, the initiative has met with a mixed reception among the public. On the one hand, despite the huge costs involved, many people have already expressed their interest in participating in the project, and the Ministry of Transportation, which is responsible for its implementation, has received substantial advances from businessmen and private universities.13 On the other hand, the move has also created some divisions in society, as the practice of naming had until then been associated with modern-day national and historical symbols (Abdallah, 2022).

In response to the criticism and to mitigate the negative effects, the government was forced to postpone some large-scale national investments and devalue its currency on 21 March. In addition, the Central Bank raised interest rates for the first time since 2017 to curb inflationary pressures and growing financial problems (Al-Anani, 2022). Immediately afterwards, it requested financial assistance from the IMF - for the third time in six years - so that Egypt was already one of the Fund’s biggest borrowers after Argentina (Saleh, 2022). However, this will inevitably require the introduction of further austerity measures and will make the livelihoods of average Egyptian citizens even more difficult. The government has therefore planned to set up a $7.1 billion aid package, including wage increases, in an attempt to limit the negative impacts of rising prices on the local population (Dudley, 2022).

The Gulf countries were keen to avoid a new wave of anti-government protests in the most populous Arab country as a result of the economic downturn and food shortages, as it could easily destabilise the region and trigger a series of events similar to the Arab Spring of 2011. For this reason, billions of dollars have been contributed to stabilising Egypt’s budget to replenish dwindling Egyptian foreign reserves since February.14 The

10 Most recently, Kuwait announced in early August 2022 that it would lay off 250,000 Egyptian workers in September 2022, followed by a further 500,000 in 2023. The decision will have a serious impact not only on the individuals concerned and their families, but also on the Egyptian state, for which Egyptian money transfers from the Gulf States represent a significant source of foreign currency. By comparison, the value of remittances from Egyptians working abroad reached $31.5 billion in 2021. (Middle East Monitor, 2022)

11 Bombardier Transportation won the tender for the railway project in May 2019. Under the contract, the trains will be delivered between 2021 and 2024.

12 By way of comparison, it costs about 6 million euros to build a station, which private entrepreneurs or municipalities have to pay in euros. (Abdallah, 2022)
13 Many stations already bear the names of Egyptian businessmen, such as Ahmed Sweedy (owner of Sweedy Electric) or Yassin Mansour (Chairman of Palm Hills Board of Directors). (Ibid.)
14 The United Arab Emirates announced an investment package of around $2 billion on 23 March, Qatar allocated...
financial support, however, did not come in the form of loans or aid, but rather by increasing their presence in the Egyptian market. For example, a significant portion of the funds received from the United Arab Emirates came in the form of investments and acquisitions in large Egyptian companies and financial institutions. The desire to attract more foreign capital could intensify efforts to privatise state-owned enterprises, including those linked to the country’s defence sector. This is also favoured by the government, which plans to offer shares in state-owned and military-owned companies, including seven ports, for sale (El Sirgany – El Wardani, 2022). In addition, the Suez Canal Authority has already increased transit tariffs in two stages, especially for tankers transporting crude oil and natural gas, resulting in historic record revenues month after month. In addition, the government wants to increase exports of natural gas to Europe to replace Russian gas deliveries lost due to sanctions, as well as to attract foreign investors to explore new fields and to increase the exploitation of existing ones (Al-Monitor Staff, 2022).

**Situation of the tourism sector**

The Russian-Ukrainian war is also having a severe impact on the country’s tourism sector, which accounted for 12% of the country’s GDP in 2018. The sector has been severely damaged by the pandemic, and it became a matter of survival to reach the pre-pandemic level after restrictions were lifted. It was encouraging that Egypt had received millions of tourists from Ukraine and Russia in previous years, whose combined share reached one third of all tourists at peak times. In addition, Russia resumed direct flights to Hurghada and Sharm el-Sheikh in August 2021, which were suspended in 2015. The latter played a significant role in the fact that approximately 700,000 Russian tourists visited Egypt in 2021 and another 125,000 in the first two weeks of 2022. In addition, 1.6 million Ukrainian tourists visited the Arab country in 2019, which represented a 32% increase compared to the previous year. Based on this, Egyptian authorities did not rule out the possibility of up to 300-400,000 tourists a month spending longer or shorter periods in the country in 2022 (Gomaa, 2022).

However, preliminary expectations were dashed by the war in Ukraine. While the new arrivals of Ukrainian tourists have virtually disappeared, the first Russian tourists - only 300 people - did not arrive until early April (Abu Zaid, 2022a). The shortfall in expected guests played a significant role in the drop in hotel occupancy in the Red Sea resorts to 5% by the end of the first quarter of 2022 (Saleh, 2022). In addition, after the outbreak of the war, some 20,000 Ukrainian tourists were stranded in resorts due to the airspace closure. For them the Egyptian leadership either assumed the costs of a longer stay in Egyptian hotels or allowed them to travel to one of the European state neighbouring Ukraine, the cost of which was paid by the government (Ayyad, 2022). To add to the problems, several Russian and Ukrainian travel agencies have accumulated substantial debts to their Egyptian partners and hotels, the repayment of which has become doubtful (Mounir, 2022).

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1. Dudley, 2022

2. El Wardani, 2022


4. Magdy, Mirette, 2022

5. In July 2022, Suez Canal’s revenues reached $704 million, thanks to a significant recovery in transit traffic for various types of ships. The total net tonnage of water transport amounted to 125.1 million tonnes, which represents an increase of 18.2 percent compared to the same period of the previous year. (Egypt Independent, 2022b)

6. In 2018, the number of tourists visiting Egypt was estimated at 13 million. More importantly, the sector provided around 2.9 million jobs. These impressive figures were then significantly reduced by the impact of the COVID-19 epidemic and the contribution of the Egyptian travel and tourism sector to the country’s GDP fell from $32 billion (8.8%) in 2019 to $14.4 billion (3.8%) in just 12 months. (Allam, 2022)

18 Moscow introduced a ban on direct charter flights to and from tourist destinations in Egypt when the Russian Metrojet Airbus A321-231 crashed over the Sinai Peninsula on October 31, 2015, after taking off from Sharm el-Sheikh. All 224 people on board were killed in the Islamic State terrorist attack. (France 24, 2015)

19 But the hundreds of thousands of Russian tourists who arrived until early April (Abu Zaid, 2022a). The shortfall in expected guests played a significant role in the drop in hotel occupancy in the Red Sea resorts to 5% by the end of the first quarter of 2022 (Saleh, 2022). In addition, after the outbreak of the war, some 20,000 Ukrainian tourists were stranded in resorts due to the airspace closure. For them the Egyptian leadership either assumed the costs of a longer stay in Egyptian hotels or allowed them to travel to one of the European state neighbouring Ukraine, the cost of which was paid by the government (Ayyad, 2022). To add to the problems, several Russian and Ukrainian travel agencies have accumulated substantial debts to their Egyptian partners and hotels, the repayment of which has become doubtful (Mounir, 2022).
Responding to the absence of Russian and Ukrainian tourists, the Egyptian government extended its Regular and Low-Cost Charter Flights Incentive Program to provide financial support to airlines at the end of March, and introduced a tourist visa facilitation package in early April to ease the entry of visitors. They also called for the resumption of international flights suspended due to COVID-19 restrictions, an increase in the number of flights previously suspended, and the launch of new direct scheduled and charter flights. In addition, the Ministry of Tourism has conducted an effective promotional campaign on social media to boost domestic tourism and attract foreign visitors, especially from Western Europe and the Arab Gulf region.

The Egyptian efforts have been successful and, in this respect, have succeeded in compensating for the negative effects of the Russian-Ukrainian war with tourists from other nations. This was illustrated by the fact that the country’s tourism receipts for the period from July 2021 to the end of March 2022 increased to around $8.2 billion, compared to around $3.1 billion in the same period of the previous fiscal year (Egypt Today Staff, 2022). In addition, the unfolding debate in the European Union about banning Russian tourists from European countries could further increase Russian citizens’ interest in Egypt, which could become one of the most important destinations for Russian tourists for years if the Ukrainian proposal is adopted (AFP, 2022).

The Domestic Political Risks of the Current Crisis

As a result of the current economic crisis, the purchasing power of Egyptian households at all income levels has fallen spectacularly, which does not rule out the possibility of unrest. From a political point of view, ensuring a balanced bread supply has been the cornerstone of the regime’s stability since the 1952 Free Officers’ Revolution. It is a particularly sensitive issue today, with around half of the population living at or below the poverty line. This is borne out by experience, which shows that civilians tend to react in a highly sensitive and often unpredictable way to changes in food subsidies, as demonstrated by the deadly riots that erupted across the country in 1977 over cuts to bread subsidies, the collapse of former President Mubarak’s 30-year rule in 2011, and the small-scale protests in several Egyptian cities in March 2017, among other events (Jyoti Das, 2022).

Although Egyptians have shown little inclination for major unrest since the Arab Spring, they have nonetheless taken to social media more frequently in recent months to express their anger against the government, particularly over the rising prices of public transportation, fuel, food, and basic goods. In a warning sign, new Facebook groups have mushroomed on social networks in response to import restrictions and the devaluation of the local currency, and protests have already taken place over delays in the delivery of new cars (El Sirgany – El Wardani, 2022). Rising utility bills have also caused growing discontent, especially after the government even imposed restrictions on household supplies to boost energy exports and foreign exchange reserves (Aboualababbas, 2022).

The leading global Credit Rating Agency Moody’s also warned of social and political risks when it downgraded Egypt’s economic outlook from stable to negative in May. The concerns are shared at the highest levels by the Egyptian leadership. This was demonstrated, inter alia, when President Abdel-Fattah el-Sisi initiated a national dialogue with opposition figures. The latter represents a fundamental change from the practice of recent years, which has seen a crackdown on dissent by the authorities and the imprisonment of thousands of people (El Sirgany – El Wardani, 2022).

Despite the difficult economic situation and expected further austerity measures, analysts do not expect a widespread wave of protests in the country. They stress, however, that the failure to do so will depend not only on effective preventive measures by the Egyptian security forces, but also on the government’s plans to expand social spending and maintain commodity subsidies (Yousef, 2022).

21 Under the introduced visa facilitation, foreigners arriving in the country were granted emergency entry visas at the various arrival terminals if they held entry visas for Japan, Canada, Australia, New Zealand, the United States, the United Kingdom, and Schengen countries. (Saied, 2022b)

22 In addition to the above, in the long-term vision of the Ministry of Tourism, it wanted to place great emphasis on its appearance in Latin America, East Asia, and the Gulf States, which are still unknown or new tourist markets for Egypt. (Saied, 2022b)

23 The infamous 1977 “bread riots” were triggered by the introduction of IMF-mandated subsidy cuts for wheat flour, cooking oil and other basic foodstuffs. The riots proved so serious that President Anwar al-Sadat was forced to use the army to quell them.

24 “Bread, freedom, social justice” was one of the crowd’s most frequently sounded slogans during the 2011 protests in Egypt.
Conclusion

Egypt’s role is considered crucial in ensuring stability in the Middle East and Africa. The United States, as well as the Arab state’s allies in Europe and the Gulf region, are therefore likely to do their utmost in the economic and financial field to avoid risks, such as a debt crisis or currency shock, that could lead to a domestic political crisis. For this reason, Cairo must first and foremost find an effective solution to the looming food crisis. The challenge is compounded by the loss of dominant Ukrainian and Russian suppliers and the search for new exporters, as well as the unpredictable adverse natural impacts of the worsening global climate crisis. Concerns are also exacerbated by the potential consequences of the Great Ethiopian Renaissance Dam being built on the Blue Nile on the ecosystem, especially on the agricultural areas located downstream. Failure to guarantee essential food security for any of these reasons could lead to inequalities that could result in mass migration, famine or even insurgency, and could intensify the region’s latent economic and political problems.

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