

The Importance of Trade Exchange and Its Reflection on American-Egyptian Relations 1956-1970

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Abstract

The importance of the research tagged with (the importance of trade exchange and its reflection on the American-Egyptian relations 1956-1970, is that it revealed, with documents, the volume of the trade exchange process between the two countries during the study period, which witnessed many political events that clearly affected the mechanism of trade exchange despite the urgent need for both The two countries export the necessary materials and commodities from the other country, as Egyptian cotton, onions, manganese and other materials such as cotton textiles and oil export the list of materials that Egypt exports to the United States of America. Agriculture and others. The research relied on the method of comparing exports and imports from and to the United States of America with some Western countries to show the role played by the United States of America in the process of trade exchange.

The research reached important results that reflected the effort made to prepare it, and these results appeared in the conclusion of the research.

Introduction:

The economic relations between the United States of America and Egypt were based on the commercial exchange of goods and products that are produced and manufactured in both countries. Since the beginning of the July Revolution in 1952, Egypt has stipulated that these relations, including trade exchange, be balanced to achieve the desired benefits, and I also realized that the only way that It must be followed by establishing commercial relations aimed at obtaining the foodstuffs that the Egyptian people need because it

achieves food security for the Egyptians, and obtaining them has become not easy because of the focus of American politicians on using it as an economic pressure card aimed at achieving interests for the United States of America not only in Egypt but in all the countries of the East Al-Awsat, but she did not apologize for the Egyptian request, but rather linked it to importing Egyptian goods and products that enter American industries, especially cotton, onions, manganese and others. The strange thing is that the exchange of goods between the two parties has occupied a large part of the trade exchange process despite being subject to bargains and goals that are not clear by hand. What happened from it revolves around linking the Egyptian economy to the American economy, as well as the desire of the United States to In order to obtain other political concessions that fall within the framework of ensuring Israel's security, as well as using the issue of trade exchange as a diplomatic tool in its cold war with the Soviet Union and limiting the arrival of socialist ideas to Egypt.

The importance of trade exchange and its reflection on US-Egyptian relations

The most important Egyptian exports to the United States were cotton, onions, henna, manganese, raw leather or raw materials used in industry⁽¹⁾.

The most important US exports to Egypt were petroleum products and its derivatives, and cars, and the United States has remained in the first place for countries exporting cars to Egypt - as well as wheat flour and fruits⁽²⁾.

The most important goods that Egypt exported to the United States during the study period was cotton, and the United States came in second place in importing cotton from Egypt after Britain⁽³⁾, meaning that the United States imported 15.3 percent of Egyptian cotton, and the proportion of cotton from the United States' imports from Egypt was 94.9 percent. percent of the total US imports from Egypt, as well as onions. The United States ranked third after Britain and Italy in importing onions⁽⁴⁾, and the United States of America was among the first countries that imported the largest amount of onions if what it exported to it amounted to 1,077,000 Kg worth 101,000 pounds⁽⁵⁾ in addition to raw wool⁽⁶⁾.

The most important changes took place after the events of 1956. The British-French-(Israeli) aggression and the

economic blockade of Egypt at the end of 1956 and the beginning of 1957 caused the cessation of most trade exchange with Britain and France and the lack of trade with the United States of America, which led to the replacement of other capitalist countries, led by Germany Western countries, Italy and Japan in order to consolidate its influence in the Egyptian markets. The share of West Germany in imports increased from 10.3 percent in 1955 to 11.4 percent in 1968, Italy from 3 to 9.5 percent, and Japan from 1.9 percent in 1956 to 4 percent in 1957 and 9 percent for the years (1956, 1958), the failure of the monopoly and the economic blockade of Egypt as a result of the tangible commercial expansion with the socialist countries and the provision of economic aid to Egypt changed the orientation of the capitalist countries towards it and cut its relations with it⁽⁷⁾, During this period from (1958-1961), the Egyptian government took several measures to support exports of domestic production commodities to advanced capitalist countries. However, these measures did not bear their desired results. At the beginning of the implementation of the five-year plan, the share of capitalist countries in exports decreased to 30 percent per year. In 1961, compared to 40.8 percent in 1956, or more than 10 percent, mainly due to Western European countries. The same complicated situation occurred with regard to Egypt's imports from the advanced capitalist countries: in 1961 the share of these countries in imports was 56.8 percent, compared to 60.3 percent in 1956⁽⁸⁾.

At the same time, some Western countries have strengthened their influence in the Egyptian markets. For example, US exports increased one and a half times during the period between 1956-1961, and its share of imports increased from 13.4 to 19.1 percent. There was also a significant improvement in Japan's position on the Egyptian market, as the value of its exports increased in 1961 to more than Its value doubled in 1956 and its share increased from 1.9 to 3.3 percent. One of the most important factors for the success of the exports of the United States of America and Japan to Egypt is that they took serious measures to supply machinery and other production requirements through debts and loans provided to Egypt, whether the government or the private sector, and the United States of America expanded In addition to that in providing aid to Egypt from surplus foodstuffs with payment of their value in Egyptian pounds ⁽⁹⁾.

The expansion in the use of debts and loans from the capitalist countries led to an increase in the volume of trade exchange between Egypt and the advanced capitalist countries during the period of the first five-year plan, especially to the expansion of imports from those countries. Despite this, the share of the capitalist countries in the trade exchange continued to decrease as a result of the growth of the volume of foreign trade with the socialist countries at a rate greater than the growth of trade with the advanced capitalist countries⁽¹⁰⁾, The share of capitalist countries in exports decreased during the period from 1961 to 1966 from 30 to 24.2 percent, and in imports from 56.8 percent to 55.6 percent. The development of trade relations with imperial governments during this period was marked by instability. Therefore, the decrease in the share of capitalist countries in exports in 1966 compared to 1961 can be explained as a result of the decrease in the share of the United States of America from 6.1 percent to 2.5 percent and the share of European market countries from 6.3 percent to 5 percent. At the same time, Egypt's imports from the United States increased and other Western European countries⁽¹¹⁾.

The trade exchange with the capitalist countries has decreased significantly after the (Israeli) aggression as a result of the general shortage in the volume of trade and the difficulty of obtaining free currencies, as well as the cessation of food supplies from the United States of America. In 1967, the share of these countries' imports decreased to 39.5 percent, meaning that for the first time during the years of independence, the capitalist state gave up the leading place for Egypt's imports⁽¹²⁾.

In the same year, the value of these countries' exports to Egypt amounted to 27.3 percent of their total exports. In 1970, the share of the capitalist countries in imports increased to 46.1 percent, and in 1971 it reached 49.9 percent as their share in exports continued to decrease to 2.2 percent in 1970 and then to 15.9 percent in 1971. The share of the "common market" countries in exports decreased From 11.4 percent in 1966 to 9.8 percent in 1970, the United States of America from 2.5 to 0.8 percent, while Japan's share increased from 2.4 percent to 3.2 percent, and in imports, the United States' share decreased from 19.8 in 1966 to 6 percent in 1970. , And the share of Western European countries decreased from 9.6 to 8.3 percent, Japan from 2.5 to 1.5 percent, while the share of "Common Market" countries increased from 19.3

percent to 24 percent⁽¹³⁾.

The change in the role and importance of the capitalist countries in relation to Egypt's foreign trade was accompanied by some changes in the structure of the commodities that enter into the trade exchange.

The basis of Egypt's exports to the advanced capitalist countries are the national commodities: cotton, phosphates, oil and vegetables. All the measures taken by the Egyptian government to boost its exports of manufactured products and devices to the capitalist countries did not bear the expected results. Although some success has been achieved in increasing exports of cotton fabrics and petroleum products⁽¹⁴⁾.

The shortage of Egypt's exports to Western countries is mainly due to the significant contraction in the volume of cotton exports to those countries (Table 1).

Table No.1

It shows Egypt's cotton exports to the advanced capitalist countries⁽¹⁵⁾

Countries	1952-1953		1964-1965		1970-1971	
	thousand tons	%	thousand tons	%	thousand tons	%
United States of America	17.7	5.5	5.8	1.7	1.1	0.3
France	55.6	17.4	11.5	3.3	9	3.2
Italy	27.7	8.6	13.7	4	14.5	5
Germany	20.1	6.2	21.5	6.3	6.8	2.3
Austria	7.5	2.3	1.9	0.5	0.9	0.3
Belgium	4.3	1.3	1.6	0.5	3.6	1.2
Netherlands	10.2	3.1	-	-	0.2	-
Great Britain	18.3	5.7	6.8	2	3.5	1.2
Switzerland	16.1	5.1	3	0.9	3.1	1
Spain	8.8	2.7	4.9	1.5	5.6	1.9

Japan	16.5	5.1	24.8	7.3	22.5	7.5
Sweden	3.6	1.1	0.4	0.1	0.2	-
Total	206.4	64.6	97.9	28.8	79	27.7

Accordingly, it can be said that during the 18 years the volume of cotton exports to the advanced capitalist countries decreased by about 2.6 times, while the share of Egyptian cotton consumers from those countries shrank to less than half. The reasons for this noticeable deficiency are as follows:

1- Increasing the number of countries requesting Egyptian cotton and the significant expansion of its exports to the socialist countries, which occupied the first place in 1957 for cotton exports, which resulted in the economic embargo on Egypt by Britain and France.

2- The deterioration of the textile industry in most countries of Western Europe during the period between 1960-1967, represented by the failure to operate factories at full capacity and the halting of cotton textile production in France, Belgium, Italy and the Netherlands⁽¹⁶⁾.

3- The strength of competition on the part of synthetic fibres. The spinning and weaving factories, the United States of America and Japan have shifted from the capitalist countries to expanding the production of industrial yarns in a pure form, as well as other types of synthetic fibers mixed with cotton⁽¹⁷⁾.

Egypt was almost the third country in the world in terms of the quantity of onion production after the United States and Spain, and the second exporting country after Spain until recently, as the United States consumes its production locally⁽¹⁸⁾, but Egypt ranks first in terms of the quality of the type, and onions are a cash crop as it is Cotton participates in this, and Egypt has the advantage of producing two crops of winter and summer onions, and this is an important advantage in marketing as it can continue to display it in foreign markets throughout the year⁽¹⁹⁾.

In 1962, Britain, West Germany and the Netherlands accounted for 66 percent (108 thousand tons) of Egypt's total onion exports, 32 percent of which went to

Britain⁽²⁰⁾. In 1970, Egypt's exports of fresh onions to capitalist countries represented 63 percent (57 thousand tons) of which 14 percent to Britain and 15 percent to West Germany, and its exports of dried onions were 72 percent, of which 41 percent to Britain. Britain, Holland, Belgium, Italy and West Germany are the main importers of Egyptian potatoes, mainly because Egyptian potatoes are exported to European markets in winter. In 1966, potato exports to Britain and the Common Market countries amounted to about 76 percent of the total value of potatoes exported abroad, and in 1970 it amounted to 50.2 percent of which 38 percent to Britain⁽²¹⁾.

Cotton occupied a large space in Egypt's exports to the United States of America for the period of the study, which was distinguished from the rest of the Western countries. In 1964-1965, it amounted to (5.8) thousand tons, while it was in 1952-1953 (17.5) thousand tons, and cotton exports to Egypt declined. to 1.1 thousand tons in 1970/71⁽²²⁾.

It became clear that the decline in cotton exports to the United States of America with the passage of time is due to the Egyptian government's orientations to take political and economic steps undesirable for politicians in the American administration on the one hand, and the Egyptian government's tendency to create textile and clothing factories and others has absorbed large quantities of those Egyptian cotton Factories promised a national wealth is difficult to forfeit.

Significant changes occurred during the period between 1952-1970 in Egypt's exports of mining industry products to the United States of America. In 1956 the United States of America was one of the most important importers of manganese ore from Egypt (about 60 percent of exports). In 1961, US purchases decreased sharply, and Western European countries took their place, as their share in 1965 amounted to 86 percent (138 thousand tons) of total manganese ore exports, and its share, as well as Japan, was 96 percent. In 1967, manganese ore was only exported to Italy (92 percent of its total exports). Beginning in 1968, Egypt stopped the export of manganese ores as a result of Israel's occupation of manganese mines in the Sinai Peninsula⁽²³⁾.

The lack of demand for phosphate in the world markets has led to a limitation

in the purchase of phosphate from Egypt for the advanced capitalist countries. In 1952, the share of the two largest importers of phosphates - Japan and West Germany - reached more than 50 percent (214 thousand tons) of its total exports, then it decreased in 1964 to only 9.4 percent (28 thousand tons). In 1968, the share of capitalist countries from phosphate exports reached 10 percent, 9 percent of them to Spain, while in 1970 it fell to less than 1 percent⁽²⁴⁾.

Table No. (2)

American exports to Egypt for the period 1961-1969 (in millions of dollars)⁽²⁵⁾

Year	Value in millions of dollars
1961	162.6
1962	234.4
1963	150.2
1964	122.1
1965	111.00
1966	101.841
1967	30.80
1968	16.72
1969	20.481
1970	23.0

We note from the table shown the volume of US exports to Cairo during the sixties and shows the difference in 1961, as exports reached (234.4) million dollars, and in 1969 they fell to (20.481) million dollars. The reason is due to the increasing deterioration in political relations between the United States of America and Egypt after The 1967 war ⁽²⁶⁾. We note from the table the value of American exports to Egypt from 1961 to 1969 (in millions of dollars).

On the other hand, this growth is due to the increase in the volume of imports to Egypt in the years of the first five-year plan, especially from the United States of America (mainly represented in food commodities in the form of loans) ⁽²⁷⁾, the

“common market” countries and some other capitalist countries. Therefore, we find that during the period between 1961-1965, imports from the advanced capitalist countries increased from 138.2 to 228.4 million pounds, or about 66 percent, and at the same time, imports from those countries represented 55 percent of the total value of Egypt's imports⁽²⁸⁾.

Table No. (3)

Egypt's foreign trade with capitalist, socialist and developing countries⁽²⁹⁾.

the trade exchange	1952		1960		1969		1970	
	million Egyptian pounds	%	million Egyptian pounds	%	million Egyptian pounds	%	million Egyptian pounds	%
capitalist countries	250.8	66	189.2	44	217	36	2246	33
socialist countries	57.3	14	166.6	38	276.8	46	318.6	47
Developing countries	20.9	18	73.4	17	106.2	17	124.6	20
Total	377.8	100	4301	100	661.2	100	673.1	100

It is clear from the table that the trade exchange between Egypt and the advanced capitalist countries has absolutely increased, but its percentage from the total trade exchange of Egypt has continuously decreased. It is noted that the share of capitalist governments in imports during the period from 1952 to 1970 decreased by 1.4 times, i.e. from 68.9 to 64.1 percent, and in exports from 60.6 to 19.4 percent, or more than 3 times. The decrease in the share of trade exchange with capitalist countries was a direct result of the trade expansion between Egypt and the socialist countries⁽³⁰⁾. Among the most important features that characterize the trade development between Egypt and the capitalist countries is the increase in imports over exports in the trade balance, as shown in the following table:

Table No. (4)

**The balance of trade balance between Egypt and advanced capitalist countries
(Million Egyptian pounds)⁽³¹⁾.**

Countries	1952	1955	1960	1965	1969	1970
United States of America	19	12.8	30	73.7	14.9	18.1
European Economic Community	7.1	27.7	12.5	42..1	32.5	50.5
Other Western European Countries	27.6	22.6	13.1	25.1	10.2	17.5
Japan	5.2	3.7	1.4	2.4	9.6	5.5
Total	63.7	65.7	77.6	148.8	57	90.8

It became clear that the balance of Egypt's trade balance is related to all the economic groups of the capitalist countries with the exception of Japan. In 1968, as a result of the severe shortage of imports due to the (Israeli) aggression, a decrease appeared in the trade balance with the capitalist countries (to 63.2 million pounds), then it increased again in 1971 to 90.8 million pounds, and in 1972 it reached 100.2 million Egyptian pounds⁽³²⁾.

The growth of Egypt's trade balance with the capitalist countries is primarily due to the lack of Egypt's exports to those countries. Secondly, because of the significant increase in its exports to the socialist countries⁽³³⁾.

Conclusion:

The research reached the following conclusions:

- The failure of the capitalist countries to impose their economic siege on Egypt after the nationalization of the Suez Canal became clear, due to the tangible trade expansion with the socialist countries

that provided great economic aid to advance the Egyptian economy. Trade exchange operations focused on commodities that are at the core of the urgent need of the Egyptian people.

- The research showed an increase in the number of countries that wanted to trade with Egypt to obtain Egyptian cotton and the great expansion of its export to the socialist countries that occupied the first place in terms of cotton exports after the Suez War, and in return, the decline or weakness of trade exchange with the United States in that time period.

- The orientations of the Egyptian government emerged to take political and economic steps represented in dealing reciprocally with the United States of America, which led to the weakness of trade exchange between the two countries and the weakening of exports of cotton and other materials to the United States on this one hand, and the direction of the Egyptian government to establish textile and clothing factories and others has absorbed Large quantities of Egyptian cotton are supplied to these factories, as there was a national awareness among cotton producers that it is a national wealth and it is wrong to neglect it on the other hand.

The process of trade exchange between the United States of America and Egypt was linked to the political events that negatively affected the course of the relationship between the two countries. It was noted that trade exchange fluctuated during the period in which crises or wars occur with Israel, which is the opposite of the direction of the United States of America aiming to compensate for Egypt's Arab and regional role.

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