

Literature review on an overview of egypt's foreign debt

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In 1970, Egypt had a foreign debt amounting to only US\$2.4 billion. Years later especially under the rule of Hosni Mubarak, the country accumulated as much as US\$ 40 billion in debts by 1990 (MiddleEastArab). The increase in borrowings was attributed to several factors. Economic difficulties and increased budget for military defense were among the reasons for increased spending. In 1985, the country was experiencing economic difficulties due to the decline of revenues from oil and tourism. Loans from international sources then became the most important government income at this time. On the 30th of June 2012, Mohammed Morsi assumed office as the fifth president of Egypt. He succeeded Hosni Mubarak who stepped down the year before on February 2012. Morsi inherited from the previous administration almost US \$35 billion in debt mostly to Western governments. Its current problems include a 38 percent increase of its budget deficit which amounts to 13.1 billion over six months. The unemployment rate is 12.5 percent from a previous 8.9 percent. The growth rate of gross domestic product had a huge fall from five (5) percent to only half (0.5) a percent (Imonti). Morsi's government has therefore actively sought for debt relief to be resolve its current economic difficulties. It seeks a \$4.8 billion loan from the International Monetary Fund. The US has pledged a \$1 billion debt relief (Johnston). There is also a campaign to have these debts wipe-out because these are odious debts (Strasser, 5). However, to gain confidence from Morsi needs to prevent further worker's discontent by refraining from using the past administration's practice of jailing protesters. Morsi has to genuinely put the interests of the people and not work towards acquiring more power. He

has to put a focus on the economic plight of his citizens to gain a solid support from within.

Works Cited

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