Economy

In Egypt, calls grow for boycott of Turkish goods

Ahmed Megahid

Cairo

There have been increasing calls in Egypt for a boycott of Turkish goods amid increasing tensions between Cairo and Ankara. Public and social media initiatives began in recent weeks asking Egyptian consumers to stop buying Turkish products.

"Turkey acts against Egypt's political interests everywhere," said Hisham Baker, a legal expert who, with friends, initiated a boycott campaign against Turkish goods. "This is why Egyptians have a national and moral obligation to stop buying its products."

Trade between Egypt and Turkey reached $5 billion last year; however, the balance of trade tilts dramatically in Turkey's favour. Egypt imports a range of goods from Turkey, from foodstuffs and clothes to detergents and mechanical equipment.

The Turkish Ministry of Foreign Affairs said the country's main exports to Egypt included mineral fuels, iron and steel and transport vehicles.

Egypt has used legal channels to prevent Turkish goods from overstimulating local markets and causing unfair competition with domestic products. Cairo, for example, maintains anti-trust measures against Turkish construction steel, citing unfair competition with locally manufactured steel.

The government, economists said, cannot do more because of international trade regulations. However, this does not prohibit social campaigns asking Egyptians to boycott Turkish goods.

Baker is using social media to publicise his campaign. He published a list of Turkish brands and the outlets that sell them on his Facebook page. The post received 12,000 likes.

"There is huge interaction with the campaign and I am sure it will translate into wonderful figures," Baker said. "There will be a massive boycott of Turkish goods."

Relations between Cairo and Ankara became strained after the Egyptian Army backed a public uprising against Egypt's Islamist President Muhammad Morsi in 2013. Turkey's backing of his Muslim Brotherhood, which was outlawed in Egypt in 2014, led Cairo to accuse Turkey of intervening in its affairs.

Tensions between Cairo and Ankara have been on the rise, particularly with Turkey's questioning Egypt's presence in the gas-rich eastern Mediterranean. Turkey has expressed opposition to maritime boundaries agreed between Egypt and Cyprus in 2015 in a potential struggle over resources in the region.

Egypt has stated concern about Turkey's move to increase its ties with Sudan, particularly after Khartoum signed a deal with Ankara giving Turkey control of the strategic Red Sea island of Suakin.

Egypt has been increasingly seeking to revive and protect its national industries and production, reducing reliance on imports. Cairo raised customs duties on many imported goods to protect foreign currency reserves and stimulate national production. Analysts said the policy was paying off.

In 2017, imports dropped 14% to $56.8 billion, compared to 2016, the Egyptian Trade and Industry Ministry said. Egypt's exports rose 10% last year to $22.4 billion over 2016.

There are potential downsides to a boycott of Turkish goods, particularly for Egyptians in the trade industry or who rely on Turkish imports.

"The other problem is that some of the goods imported from this country do not have local substitutes, including the spare parts for cars manufactured in Turkey," said Ahmed Shiha, head of the Importers Section at the Cairo Chamber of Commerce. "This means that we cannot do without these goods."

Heavy burden. An Egyptian worker carries imported goods at a popular market in Cairo. (AP)

This is not the first time that Egyptian consumers tried a boycott of foreign goods. In 2006, many Egyptians boycotted Danish goods following the publication of cartoons that were seen as offensive of the Prophet Mohammad, in a Danish newspaper.

Turkish goods are much more vital to the Egyptian economy, however. Observers warned that the boycott could harm the North African country.

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Turkish businessmen invest nearly $2 billion in Egypt, while there are approximately 300 Turkish companies operating in Egypt employing close to 75,000 Egyptians, said Atilla Ataseven, president of the Turkish-Egyptian Businessmen Association.

This is why Egyptian economists warned against letting politics spoil economic and business relations between Cairo and Ankara.

"There is public anger against the actions of the Turkish government but we should not let this anger to cause losses to the national economy," said Salah al-Guindy, an economics professor at Mansoura University. "Boycotting Turkish goods will cause losses to Egyptian companies and workers working in the import sector and raise the prices of local alternatives to Turkish goods because of increasing demand."

Algeria must reckon with distortions of undiversified economy after import ban

Lamine Ghanmi

Tunis

Algeria reduced its trade deficit 62.2% in January after halting imports of 851 products. Its trade shortfall dropped to $410 million from a deficit of $1.1 billion in January 2017, official figures indicated.

The value of total imports in January fell 6.8% to $3.8 billion compared to the same month a year ago and import bills of non-food consumer products declined 20% to $631 million.

The import ban and a 30% rise in taxes and customs duties were imposed on some goods January 1. The government's ban of imports of various non-essential products was designed to cut the value of total imports to $30 billion this year from $45 billion last year and $46.7 billion in 2016.

However, food imports rose $838 million in January, 12.2% more than in the same month last year.

The total value of exports — $3.4 billion — was 13.3% higher in January compared to the same month in 2017. Earnings from oil and gas sales abroad accounted for 94% of exports, figures from the Customs Department said.

Temporary restrictions on imports, including meat, cheese, vegetables, cell phones and household appliances, are part of the government's efforts to cut spending and preserve foreign currency reserves.

Algeria's Central Bank said foreign currency reserves shrank to $97.3 billion at the end of December from $114.4 billion in the same month in 2016.

Algerian analysts said the restrictions of imports might help the government trim the trade and current account deficits and protect foreign currency reserves in the short term if it withstands pressure from businesspeople and consumers.

However, they said such restrictions caused price hikes for consumers and disrupted the supply chain for most non-farming industries.

Algeria's reliance on oil and gas exports made its economy not diversified enough to be able to quickly offer local substitutes for banned imports to supply businesses and satisfy the needs of 41 million people.

"More than 80% of the turnover of the industries are imports," Trade Minister Mohamed Benmeradi told Algerian state radio.

The value of total imports in January fell 6.8% to $3.8 billion compared to the same month a year ago.

"The market has experienced a shortage in the supply of goods and the rise of prices as well as disruption in the activities of businesses but we have nonetheless to pursue the efforts in cutting imports," he added.

Benmeradi blamed "the import barons in the private sector who control import businesses worth $50 billion" for causing market disruptions to derail government efforts to reducing imports.

Walid Allouni, manager of a mall in Algiers, told Reuters: "The import suspension is a problem for us but this measure has affected only about 20% of the products we sell here.

"Some prices have risen because demand exceeds supply. I think this is a good opportunity to strengthen and encourage domestic output."

Analysts said import restrictions could add another layer of bureaucracy, hindering efforts to develop and diversify the economy.

"Algeria has one of the highest investment rates but, with an average investment rate of 40% of the gross domestic product per year since the 1970s, the country did not succeed in diversifying its economy," said Abdelatif Kerzabi, an economics faculty member at the University of Tlemcen.

"The double monopoly of public contracts and imports had produced a bureaucracy that forged an alliance with privileged businesspeople who had access to public contracts and hard currency for imports. That alliance is getting in the way of economic development and diversification," he added.

Briefs

Abu Dhabi awards Japan's INPEX stake in oil concession

Abu Dhabi's state energy company ADNOC said it awarded Japan's INPEX a 10% stake in an offshore oil concession, in a deal worth $600 million.

The concession, at the offshore Lower Zakum oil field, is for 40 years, ADNOC said in a statement.

The company said it extended INPEX's 40% stakes in Abu Dhabi's Satah and Umm Al-Dalkh concessions for 25 years.

(Agence France-Presse)

Erdogan hails Algeria trade deals on Africa tour

Turkish President Recep Tayyip Erdogan welcomed the signing of trade deals with Algeria as he visited the country on the first leg of a tour of Africa.

Erdogan said the agreements would allow Ankara and Algiers to diversify trade pending the signing of "an agreement on the protection of investments as soon as possible."

The Turkish president had insisted, in an interview published in the Algerian daily Echorouk, on a bilateral agreement to be finalised to "protect investments."

(Agence France-Presse)

Lebanese government likely to approve budget by mid-March

Lebanon's 2018 budget will likely be approved by the cabinet before mid-March, Finance Minister Ali Hassan Khalil said, as the heavily indebted country seeks to approve its spending plans before an April 6 economic conference in Paris.

Khalil previously said Lebanon will not be able to ask international donors for support unless it passes the 2018 budget to show backers Beirut is serious about economic reform.

(Reuters)

US imposes sanctions on Libya's oil smugglers

The United States acted against several Maltese, Libyan and Egyptian firms, traders and ships allegedly involved in smuggling oil out of Libya in violation of UN sanctions.

Part of the international response has been to crack down on the illicit export of oil by factions other than the UN-backed unity government struggling to assert control from Tripoli.

The US Treasury alleges that a Malta-based network earned more than $36 million in 2016 shipping oil out of the western Libyan port of Zuwara to Europe.

(Agence France-Presse)