

Hungarian – Egyptian Interwar Relations

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My study presents the relations of the two countries concentrating on some important factors between the two World Wars, that is, more exactly, during the period from the end of the 1920s to the end of the 1930s. The lecture relies mostly on primary archives, as well as on some contemporary works.

The lecture is divided into more parts. First, I wish to talk about the development of the Hungarian Foreign Service in Egypt, second, I present the political relationship between the two countries, and finally, the formation of the Hungarian-Egyptian economic and trade relations will be discussed.

Short history of the Hungarian diplomatic body dealing with and residing in Egypt

The head of the Hungarian–Egyptian Foreign Service was the Hungarian Royal Ministry of Foreign Affairs and the prevailing Foreign Minister. The local official diplomatic tasks were executed by the Embassy of Cairo and by the honorary consulate in Alexandria.¹ Officially, the Embassy of Cairo was the superior, however, on the basis of the detailed research of the archives I am convinced that it was the Alexandrian consulate that did the major work. If we have a closer look on the Cairien Embassy, we can draw interesting conclusions. The embassy had been founded relatively late, at the end of the 1920s, in 1928 by Bódog Parcher of Terjékfalva (1876–1933) studied at the Consular Academy of Wien. First, he fulfilled the tasks of consular attaché, later he worked from 1900 at the Alexandrian and the Cairien consulate. Then he had different tasks in the Ottoman Empire. From 1920 to 1931 he as the chargé d'affaires, later as ambassador the head of the Embassy of Bern, from 1928 also

¹ More details about the post-war development of the Hungarian Foreign Service: PRITZ Pál, *A külügyi szolgálat története a harmincas évek első felében* (The History of the Foreign Service in the first half of the 1930s) in *Magyar diplomácia a két világháború között* (Hungarian Interwar Diplomacy) Compiled by PRITZ Pál, Budapest. 1995.

² Félix Parcher or Bódog Parcher of Terjékfalva (1876–1933) studied at the Consular Academy of Wien. First, he fulfilled the tasks of consular attaché, later he worked from 1900 at the Alexandrian and the Cairien consulate. Then he had different tasks in the Ottoman Empire. From 1920 to 1931 he as the chargé d'affaires, later as ambassador the head of the Embassy of Bern, from 1928 also

for a couple of weeks every year. In these periods he met the leaders of the government and the King of Egypt. In 1931 Hungary terminated the embassy in Bern by reason of the already mentioned thrift steps. Félix Parcher was recalled but his nomination was not withdrawn, therefore under these impossible circumstances he fulfilled his tasks concerning the two countries from Budapest. After his death Pál Förstner³, assistant clerk of the ministry carried out the tasks regarding Egypt as chargé d'affaires again from the Hungarian capital city. From 1937 the ambassador of Athens was responsible for the affairs of the Cairen Embassy who was succeeded by Count Andor Semsey in 1939 residing already in Cairo. He stood in this position only for a short period, since he committed an indecency beneath a diplomat in a gallant affair, and he was released because of this. Until the Second World War no other ambassador was nominated, the tasks concerning the embassy were carried out by László Mara, manager of the office therein.⁴ Similarly to the other workers of the embassy, and according to the evidences based on the archives he considered his major task the reporting on the daily and long-range political as well as economical events, issues ; however, he also dealt with the daily, personnel cases.

The major work in the development of Hungarian-Egyptian relations and in solving the daily problems was done by the honorary consulate of Alexandria. It is natural, since it resided in Alexandria and had daily, friendly relationships with the notable represents of the Egyptian economy and politics.⁵

The Hungarian Royal Honorary Consulate of Alexandria, formerly as an embassy, started in 1923, and existed until the declaration of war with England. In accordance with the decrees of the Ministry on honorary consulates of 1922, the head of this representative office of the country was not a professional diplomat, and he was not even Hungarian. (He was Swiss.) The reason for this was the fact that in accordance with the decree the remuneration had to be minimised, and in order to reduce the expenses, a Hungarian settled in the given country, or if there was no suitable person, a citizen of a state neutral during the First World War had to be invited to the said position, who could act conveniently for the economical and political interests of our country. Unfortunately, the Hungarian Ministry of Foreign Affairs did not find suitable Hungarians in Egypt who could have represented Hungary, therefore Alfred de Menasce, a Sephardi Jew, who had

accredited to Cairo. From 1931 to his death, after he had been recalled from Bern, he fulfilled his job from Budapest.

Iratok a Magyar külügyi szolgálat történetéhez, 1918–1945 (Documents to the History of the Hungarian Foreign Service, 1918-1945) PRITZ Pál (ed.), Budapest. 1994, p. 301

³ Pál Förstner (1900-?) got to the Ministry of Foreign Affairs in 1927, where he was a junior assistant clerk of the minister at the presidential department. From 1929 he was an assistant clerk of the minister, later, from 1933 to 1937 he was the chargé d'affaires of the Cairen Embassy. From 1935 he was an assistant secretary of the minister. From 1944 he worked at the presidential and at the protocol department.

[s.a.] p. 427

⁴ [s. a.] p. 435

⁵ Decree on founding of honorary consulates and on the principles to be considered when appointing executives, as well as on the procedure to be followed at reporting [s. a.] p. 138

already had close relationship with the citizens of the Austro-Hungarian Monarchy living in Egypt when the Monarchy had existed. He rarely dealt with the daily affairs; he rather kept up an appearance trying to find market for the products and companies of Hungary using his relationships. On the basis of the above said, most of the employees worked for the embassy only in part-time jobs (among them there were full-time lawyers, undertakers, bankers, and landowners).⁶ There is every indication that Menasce did his duty, that is, the representation of the royal Hungary's foreign trade, exceedingly well. Residing at the biggest harbour of Africa and the Middle-East, the consulate functioned almost as a trade office. The major part of the documents written in or addressed to Alexandria contains almost exclusively the correspondence concerning Hungarian undertakers, companies, factories with the constant aim of finding opportunities to market the Hungarian products.

Therefore, the daily routine jobs were done not by him, but by his inferior, László Polnauer, and from 1937 by László Páthy, Hungarian royal consul.⁷ They received a salary for their work. During this era Polnauer and his family gradually adapted themselves to the Egyptian economy, they developed good relationships with the leaders and politicians therein promoting this way the growing of the trade between the two countries. He did his job beyond the official requirements, since he was interested in improving the relationship between the two countries not only personally but economically, as well. Significant part of his family lived and worked in Egypt, therefore, they had a share in almost all the realized deals. In accordance with it the Hungarian consul of Alexandria was in at the birth of more bilateral commercial agreements.⁸

Relationships of diplomacy and friendship with Egypt

On the basis of the documents I have studied so far it came out that the governmental diplomatic contact was rather good; although neither leader paid state visit in the other's country, they had precise information on one another. The first very interesting report from 1929 by Félix Parcher, head of the Egyptian Embassy of Hungary in Bern, who relates on a royal audience and reception. He writes that among the royal society there is a great interest and sympathy toward Hungary and the Hungarian community in Egypt. Fuad I. the sovereign showed keen interest in the situation of Hungary after Trianon expressing his view that this peace had been unjust as well as intolerable. At the reception organized in honour of the Hungarian ambassador the king's nieces expressed similar opinion criticising the minority policy of the successor states, the injustice by them against our country, overtly branding Yugoslavia and Romania uncultured. The Minister of Home Affairs of that time, Hafez Afifi talked about the Hungarian community in Egypt and

⁶ More details on honorary consulates : [s. a.] p. 138-139

⁷ Register of the personnel staff of the consulate in Alexandria: MOL KÜM K90 1926, 3rd pile, 24. December 1926, No. 283/1926

⁸ It may be deduced from the planned and realized commercial agreements and correspondence.

about the tranquillity of cooperation with them underlining the fact that after the English, Hungarian is the first nation whose people worked without stir, decently and quietly.

The members of the royal court, as it becomes obvious from their communiqués, knew well the Central Eastern European region, and they considered Hungary their major political partner as opposed to the neighbouring countries. Here are some opinions of the above mentioned personalities: „Austria is a quasi deteriorated part of the Monarchy which finds consolation in the idea of Anschluss ... Bohemia acts as an able but filthy agent... who behaved and exploited a conjectural moment in accordance with his character, and since then, taking advantage of Paris' weakness, has been playing the role of the nouveau riche. He mentions Serbia and Romania only as balcaniques.” They regretted that Egypt was supplied with news by the Havas News Agency which was generally known to be totally predisposed in favour of Hungary, therefore it would have been more suitable if the Hungarian News Agency had got in touch directly with Egyptian official voice.⁹

Later the king and his escort made similar statements several times about Hungary and about its role to be had in the region. A couple of years later the sovereign repeatedly explained to László Polnauer that our country had borne up under the misfortunes with dignity (i.e. under the Trianon Peace-Treaty), but he was convinced that the peaceful revision was to be realized sooner or later, since even if Benes, whom he considered the bad spirit of Europe, was not provident enough to see the mistakes in the prevailing territorial organizing, Masaryk was.¹⁰ In connection with the extraordinary Hungarian representation in Egypt Fuad often raised the establishment of a permanent Cairien embassy which could have been based on the constantly growing commercial relationships.

Apart from the reciprocal positive verbal statements and friendly gestures actual steps were made. Here those personalities are to be considered who could have favourable influence on the Egyptian political life by their position. First, king Fuad can be mentioned who was awarded a Grand Cross of the Hungarian Order of Merit by Regent Miklós Horthy on 1 December 1926 which was sent to him on the occasion of the Egyptian-Hungarian agricultural exhibition.¹¹ This honour had been to be reciprocal, the Hungarian Foreign Affairs urged it many times, but it was never realized. There could have been suitable occasions for Regent Horthy to receive the highest Egyptian state honour, however, the cabinet crisis, King Fuad's bilateral cerebral apoplexy and finally his death impeded it.

The next personality who had notable influence on the relationship between the two countries was Sedky pasha, the leader of the People's Party (Chaab). He had excellent relationship with the prevailing Hungarian chargés d'affaires, and the signing of the Hungarian-Egyptian agreement of cotton trade was linked with his name. He knew Hungary well; he had already been to Hungary before the First World War. He was

⁹ MOL KÜM K108 1929. 6/pol. 4 February 1929

¹⁰ MOL KÜM K108 1933. 3rd pile 12 May 1933, 27 May 1933, and 15 September 1933

¹¹ MOL KÜM K108 1932. 3rd pile 18 November 1932

awarded the First Class Cross of the Hungarian Order of Merit on the occasion of a visit of his in 1933.¹²

Jehia pasha, Prime Minister and Minister of Foreign Affairs, also awarded the First Class Cross of the Hungarian Order of Merit who is to be mentioned because of his pro-Hungarian sympathies and of his excellent commercial connections.¹³

Another important field of the relationship was tourism. In 1935 with the support of the Hungarian-Egyptian Commercial company Hungary opened a travel agency within IBUSZ in Cairo (next to which there was a Hungarian shop selling salami, debreceni, bacon, honey, Tokay etc) and in Alexandria with the overt aim that the tourist visiting Hungary could learn about the beauties of this country and after his/her returning home s/he could propagate and urge the development of the commercial relationship. As the documents witness the exhibition met with success and its practical profit was perceptible through the next years.¹⁴

The travel agency named HUNEGYPT succeeded in a short time, as a year after its foundation, in 1936, two thousand people among them many prominent personalities, (such as the widow of Zaghulul pasha, Hassan Sabri bey Minister of Transport, Internal Trade and Construction, Hafez Hassan bey First Commissioner of Works, William Mokram Ebreid Minister of Finance, etc.) spending about 2,5 million pengős.¹⁵

To make the Hungarian goods better known the above mentioned agency organised a „sample” exhibition in the same year in Cairo with the help of the Hungarian Foreign Trade Office and the Alliance of the Hungarian Industrialists. Through a year the visitors could learn about apart from the goods of the Hungarian engineering industry, the products and producers of the Hungarian agriculture of that time. Among the exhibiting companies the most notables were: Weiss Manfréd Company, the Iron Works of Rimamurány and Salgótarján, Ganz & Co., Goldberger Sámuel and Sons Company, the Hungarian Cotton Industry Company, the Cotton Mill of Szeged, the Porcelain Factory of Herend, the At Zwack Liqueur-factory, the Hungária Factory of Chemical fertilizers.¹⁶

The Hungarian community and their organizations in the African country are also to be mentioned. At that time there were two such organisations in Egypt. They were supposed to foster the social and mental life of the Hungarians living and working there within official and regular frames. One of these functioned in Cairo, the other one in Alexandria, both under the name of Magyar Egyesület (Hungarian Society). They both were subordinate to the general consulate and to the Cairien consulate, but these did not

¹² MOL KÜM K108 Alexandria, 1932, 3rd pile Nr. 96/1932

¹³ MOL KÜM K108 1933, 3rd pile Alexandria, 3 October 1933. More statesmen received different honours, for example Hafez Hassan bey and Hassan Sabri bey.

¹⁴ MOL K245, Ministry of Internal Trade, I. d. II. a, b. 1935-1937. Detailed account on under-secretary Holla's Middle-Eastern journey (January 1938)

¹⁵ MOL K69 Division of Economic Policy, 1930-1939 651st pile *Egyiptom gazdasági és pénzügyi helyzetét tartalmazó összefoglaló jelentéshez az 1936-os évben. (To the summary report concerning Egypt's economical and financial situation in the year 1936)*

¹⁶ MOL K69 Division of Economic Policy, Z 778, 12 t. 1933-1948 MEK RT. Minutes of the executive committee, 27 August 1935 .

interfere in the interior cases of the Societies. The 300 Hungarians living there, among whom there were private clerks, photographers, artists and even a pilots' trainer, got together at the club houses of the Societies to discuss the affairs of their homeland, to foster their mother tongue and to enforce their sense of belonging. For these aims the Cairien Society published a weekly magazine entitled *Egyesületi Értesítő* (Society Courier) with the most important news on sport, society and Hungary. The Society had a library as well where Hungarian newspapers were available, too.¹⁷

Talking about the Hungarians living in Egypt, some Hungarian experts have to be mentioned. One of these is the well-known László Almásy who during a period of his eventful life, from the 1930s trained hundreds of Egyptian pilots in the Pilot School of Almaza.¹⁸ The names of Alajos Paikert and Iván Nagy are important because the organization of the Egyptian Agricultural Museum was linked to the ; while the one of Ábrahám Pattantyús is relevant for the fact that he left the position of assistant secretary of the Ministry at the Agricultural Museum in Budapest to create the Egyptian Cotton Museum.¹⁹

Economic and trade relations between Hungary and Egypt

Not one representative of the Hungarian economy slowly recovering from the afflictions of the First World War stated that apart from the neighbouring states of contrary interests Hungary needs other commercial partners too. This fact as well as the constant searching for markets of the Hungarian agriculture turned the attention to Egypt with whom the volume of trade was closed down after the First World War. Miklós Horthy Jr. future manager of the Hungarian-Egyptian Commercial Company, whose favourite country was Egypt and who had been there five times writes about it like this: "When I travelled to Egypt on business years before I saw that the whole world's industry and commerce made their rendezvous there. Only one nation was actually missing: and it was the Hungarian."²⁰

Naturally, the beginnings were very hard, since the products that the Monarchy had earlier transported to Egypt were only partly or were not at all at the service of Hungary. The other difficulty was the fact that other countries of bigger industrial and commercial potential had monopoly on different fields which was to be broken. The first opportunity for it presented itself in 1927 and in 1928 when the two countries signed first a temporary,

¹⁷ MOL K69 Division of Economic Policy 1930-19390 651st pile *Egyiptom gazdasági és pénzügyi helyzete az 1936. évben. Az Egyiptomban élő magyarok helyzete és azok száma. (The economic and financial situation of Egypt in the year 1936. The situation of the Hungarians living in Egypt and their number.)*

¹⁸ MOL K69 Division of Economic Policy 1930-1939, 651st pile I. general part

¹⁹ MOL KÜM K108 Alexandria 12 May 1933

²⁰ HORTHY OF NAGYBÁNYA Miklós Jr. : *Egyiptom. Az angolokkal való megállapodás idején. (Egypt at the time of the agreement with the English)* Lecture at the Seminar of the Cobden Alliance, 16 April 1937, p. 23

later a constant commercial agreement of maximal advantages creating a solid and legal base for the reciprocal trade relations.²¹ Interestingly enough, it was the Great Depression that advanced the beginnings of the trade. By 1930 the worldwide depression reached Egypt and caused serious problems for its economy geared to export and consequently sensitive to the world market. To lessen the difficulties the government raised the customs tariff in defence of its own products. Surprisingly, the months before these new customs regulations brought the unexpected prosperity for the Hungarian flour and sugar, because the Egyptian merchants trying to lay a stockpile as fast as they can, turned to the markets they had not preferred before, such as Hungary.²²

In 1929 there was notable demand for two Hungarian products in the local trade. While in 1928 the value and quantity of the sugar sold in Egypt was multiplied tenfold, after the enforcement of the customs regulation the Hungarian export was forced back, and finally the sugar of good quality disappeared of the local range of import goods. The fact that the Egyptian government agreed with the local sugar factories to make it a state monopoly also contributed to it. As a result of this the contemporary sugar industry of Egypt developed to such a level that the local factories were fully able to supply the country.²³

It was not the quality that caused the problems with the Hungarian flour, either. The difficulties were rather caused by the fact that because of the expensive transport our flour could not compete neither with the overseas nor with the Italian products. On the other hand the Hungarian flour was of too good quality for the Egyptian Kingdom. Egypt needed the so called brown flour which was utilized entirely by husbandry (low-grade flour, bran) ; and there was not demand for our finer, better-grade flour along the Nile.²⁴

Other primitive, isolated acts were the cases of the Hungarian coinage and transport of horses. In 1929 with the notable help of Polnauer Hungary won the right to coin and transport money for Egypt despite the strong concurrency. Egypt was so contented with the quality of it that our country received another assignment for coins with the portrait of Fuad I.²⁵ The Hungarian horses were exhibited at the Caiien agricultural exhibition in 1929, and the sovereign liked the full-bred horses that by 1932 his personal bodyguards were provided with them.²⁶

Apart from the above mentioned transactions the beginning of the 1930s brought significant success.

As it is well known, the Ganz Company was one of the most effective enterprise company of Hungary even between the two world wars, and its world-standard products were sold all over the world. The Ganz got in touch with Egypt already in 1924, and it

²¹ The agreement was signed on 28 February 1928. It came into force in the same year on 15 March in accordance with the principle of the biggest limited advantage. *Budapesti Közlöny*, 8 March 1928

²² MOL KÜM K108 49th pile I/8 theme *Jahresbericht pro 1930*, N 57/931

²³ MOL KÜM K108 49th pile I/8 theme *Periodischer Bericht für das I. Semester 1931*, N 429/931

²⁴ MOL KÜM K108 3rd pile I/1 Cairo 22 December 1930

²⁵ MOL KÜM K108 2nd pile I/1 Alexandria 22 August 1929 Nr 727/1929, 30 August 1929, Nr 745/1929

²⁶ MOL KÜM K108 4th pile I/1 Cairo, 27 May 1933, 15 September 1933

exported different electronic goods and machine parts not in great quantities, though. The real upswing was in 1928 when the Ganz established its affiliated company in Egypt with local representative with the aim of winning as many competitions targeting the development of transport and agriculture as it can excluding mediatory. Its successes can be indicated by the presence of Hungarian pumps at the irrigation from 1931, and by the fact that from the mid-1930s the trains transporting the people between Cairo and the desert towns were pulled by Ganz locomotives.²⁷

For Hungary it was not the Ganz that boosted up the export but the cotton import. In our country textile industry was developed between the two world wars which meant a constant need to import great quantities of cotton of good quality. After the initial enquiries Hungary gave the vote of confidence to the Egyptian cotton for more reasons. On one hand its price was in concordance with the one at the world market, and on the other hand the Egyptian government accepted a very advantageous way of payment. The Hungarian Commercial Bank (Magyar Kereskedelmi Bank, henceforth MKB) started the investigations raising the issue of buying cotton on credit. György Pacher, the brother of the said consul, who had good connections (he was a friend of the prevailing Prime Minister, Sedky pasha) set forth the plan to the government.²⁸ After the local discussions they agreed upon a contract of two and a half years with the MKB as the sole representative of the Hungarian textile factories on 14 thousand bales of cotton. The funds for it were secured by the Hungarian government in treasury notes of 6 per cent. The evidence for the success of this deal is the fact that the Hungarian import did not cease, and until the Second World War cotton remained the basic article of the reciprocal exchange of goods.²⁹

It stimulated the Hungarian export to the extent that the Egyptian government desisted from exchanging the treasury notes at par (in French francs), and they rather bought Hungarian industrial goods for them.

To develop and coordinate the trade stimulated by this agreement of 1932 Hungarian-Egyptian Commercial Company was founded in 1933. The company's deed of foundation of 12 May 1932 declared for the improvement of the Hungarian-Egyptian commercial connections. The founders were: the English-Hungarian Bank, The Hungarian Commercial Company of Pest, and the Misr Bank of Egypt. The Polnauer family, Miklós Horthy Jr, and Fuad I the sovereign of Egypt who were in at the birth of the company settled its capital in 200 thousand pengos.³⁰ Already in the first year of its existence the company paid 16 thousand pengos as dividend from its 100 thousand pengos of income, it expanded and got richer until the World War. Its activity was basically characterised by importing cotton, rice and scrap-iron, by exporting different Hungarian agricultural goods

²⁷ MOL KÜM K108 1st pile I/1 Alexandria 17 January 1928 Supplement au Journal Officiel, 12 January 1928, 4

²⁸ MOL KÜM K108 3rd pile I/1 Alexandria 27 October 1930, [s.a.] 9 November 1931, 25 November 1931 and 4 December 1931

²⁹ MOL KÜM K108 4th pile I/1 Alexandria 9 February 1933, 27 February 1933

³⁰ MOL K69 Division of Economic Policy, Z 778, 1933-1948, Minutes of the MEK Co., 4 March 1933 and 12 May 1933

(potato, broomcorn), textile articles, electric goods (bulbs, parts of machines) and chemical fertilizer. Apart from these the company undertook the foreign representation of a range of Hungarian companies, as well (Goldberger and Sons Co., Weiss Manfréd Co, Hemp Processing Factory of Szeged, Agricultural Industrial Co). During the next years the company expanded its limits to Central Europe, later to the Middle East and to the overseas, too (Brasil).³¹ It played an active role in the development of the Hungarian fluvial navigation (1933), in the organization of the exhibition presenting the whole Hungarian industry and agriculture, as well as in the travel agency established to make Hungary better known (HUNEGYPT).³²

Due to these facts the company was always profitable. In the discussed period Hungary stepped forward to the 11th place in import surpassing this way France, Belgium, Turkey, and the autonomous Arabic States, while in respect of the Egyptian export Hungary got to the 14th place, to the same level with our neighbouring countries.³³

Conclusion

On the basis of the above said facts it can be stated that although Hungary and Egypt were not vital partners they both did as much as they could to develop their relationships in the spirit of reciprocal sympathy. The ground of it is that there was not any political controversy between the two countries, and what is more, as the documents witness, Egypt regarded Hungary as the most attractive partner among the Eastern Central European countries. The reason for this must be in the similarity of their political system and values. Apart from the political neutrality the differences in the economic structure of the two countries could have an important role in the fact that in case of commercial affairs our country was often preferred. Consequently, promising ideas came true, commercial agreements came into force, and the two countries were getting to know one another's culture, however, unfortunately enough, the Second World War interrupted this favourable process.

³¹ MOL K69 Division of Economic Policy, Z 778, 1933-1948, A Mek Co. *Az ügyvezetőség jelentése a részvénytársaság ötödik üzletéről (Report of the management about the fifth year in business of the company)*

³² MOL K69 Division of Economic Policy, Z 778, 1933-1948, A Mek Co *Az 1935. évi közgyűlés jegyzőkönyve, 1935 Március 17. (Minutes of the General Assembly of 1935, 17 March 1935)*

³³ MOL K69 Division of Economic Policy, Z 778, 1933-1948 Without annotation *Egyiptom gazdasági és pénzügyi helyzete 1936. évben I. általános rész. (The economic and financial situation of Egypt in the year 1936. First, general part)*