

The people's Republic of China and the Arab Republic of Egypt hold relations rooted in their rich cultural heritage, which is further strengthened by synergy in their developmental programs. Egypt's desire to diversify its economic and diplomatic options from its traditional allies in the west and its strategic location along the BRI network has led to strengthening ties between both nations. China has followed a no-pressure relationship by being silent on Egypt's human rights violations.

Egypt's relevance to China lies in the importance of the Suez Canal as a transportation pathway linking Asia, Africa, and Europe. Egypt is the most populous nation in the Arab world, thus providing a great market to Chinese exports. Egypt now holds the Chairmanship of the African union and can serve as a critical point in China's interests in Africa. Egypt also has a major role in regional organizations such as the Arab League and the Organization of Islamic Cooperation. China's ties with Cairo can also cater to China's geopolitical and strategic interests in MENA. Meanwhile, Egypt has been utilizing the advantages of Chinese investments linked to BRI in dealing with an unstable economy and generating more job opportunities for a vast population. Cairo's increasing engagements with the world's second-largest economy can boost its central role in MENA and maintaining El Sisi's Political legitimacy in Egypt.



## Background

China and Egypt are the cradles of two great civilizations. Egypt was the first Arab-African country to establish diplomatic relations with China on 30 May 1956. Both nations since then have maintained friendly relations with each other. The 2011 Arab spring and the ousting of dictator Hosni Mubarak created a political and Economic Crisis in Cairo. The new ruler Mohammad Morsi reached out to China to forge closer ties to counter the US influence in the country. The relationship gave strengthened after the advent of Abdel Fattah Al Sisi. In 2014, the bilateral relations were elevated to a comprehensive strategic partnership on El Sisi's visit to Beijing. It also led to increased relations on various international and regional affairs, focusing on large scale infrastructure projects and trade. China then went on to become the largest trading partner of Egypt as the Obama administration's relations with Cairo strained over human rights violations. Egypt had been a founding member of AIIB. Chinese Premier Xi visited Egypt in 2016 and reached a five-year implementation program on strengthening the Comprehensive Strategic Partnership and signed an MoU on Jointly promoting the Silk Road Economic Belt and the 21<sup>st</sup> century

Maritime Silk Road. In the meeting between president El Sisi and Chinese Foreign minister Wang Yi in January 2020, both urged for taking the strategic partnership to a higher level.

## Notable Areas of Cooperation

China relations with Egypt have been primarily economic with large scale Chinese investments backing Egypt's infrastructure. The bilateral trade between both nations reached USD 5.2 billion in the first seven months of 2020 amidst the economic slowdown due to the pandemic. China mainly exports electrical and steel products to Egypt, while Egypt mainly exports agricultural products to China. Bilateral trade and economic cooperation are growing fast. There have been considerable strategic complementarities between Egypt's Vision 2030 and China's One Belt One Road initiative. Vision 2030 is a sustainable development strategy aiming to place Egypt among the top 30 countries focusing on economic growth by 2030.



Proposed plan for new Egyptian capital/ Image source: VOX

## Chinese Investment in Egypt

China has undertaken some major infrastructure projects which play a vital role in the

Economic revitalization plans of Egypt. One of the most significant projects is constructing new administrative capital, 45 km east to Cairo. This project is supposed to offer housings for about 5 million people and offer thousands of jobs to the population. It is a highly ambitious project, including a new administrative center, diplomatic missions, industrial zones, and even the highest tower in Africa. China offered its helping hand from the beginning in 2015 by signing an MoU by China State Construction Engineering Cooperation (CSCEC), mainly on building ministerial buildings. In 2016, the China Fortune Land Development Company agreed to invest USD 20 billion over ten years. The investment of CSCEC on the Central Business District (CBD) involves the construction of 20 towers, the tallest one is supposed to be 385 m high, and this iconic tower will be the tallest in Africa. This project, when completed, is expected to decrease the congestion in Cairo.

The development of Egypt's Suez canal Economic zone is another megaproject. The China-Egypt TEDA Suez Economic and Trade Cooperation Zone is located near the Suez canal, about 120 Km east of Cairo. It was launched in 2008, which was expanded in 2016. This international industrial base is a vital part of BRI and will generate a fair amount of jobs. The first phase, when completed, includes 84 enterprises and is currently in its second phase, on which 150 more enterprises will be attracted as per project planning. Several major enterprises, such as Chinese fiberglass giant Jushi are hosted in this zone. It is expected to boost the Egyptian economy and attract investments from around the world.

Egypt's port infrastructure has been a major attraction to Chinese investors, starting with acquiring a 50% share of Alexandria port by Hutchison ports in 2005. The deal was to operate and manage two container terminals in the ports of Alexandria and El Dekhelia. Chinese state-owned COSCO pacific acquired a 20 percent share to operate the Suez canal container terminal in Port Said East Port in 2008. According to Xinhua, in 2018, China Harbor Engineering Company (CHEC) have started constructing the main phase of a new terminal basin in Ain Sokhna Port. In August 2019, Egypt signed an MoU with Hutchison ports to establish a Mediterranean Container terminal in Abu Qir. This terminal is expected to carry up to 1 million containers annually and train to more than 1500 Egyptians once all phases are covered. In short, China has played a vital role in increasing the port capacity of Egypt.

Apart from this, China has also funded various transportation projects. It includes various high-speed trains; a recent one is electric train Salam city and new administrative capital. The Chinese Railroad cooperation and China EXIM have announced that they would finance a light rail transit system increasing the connectivity to the new capital. Very recently, the Chinese CCECC led consortium won a USD 9 Billion bid to construct a high-speed rail

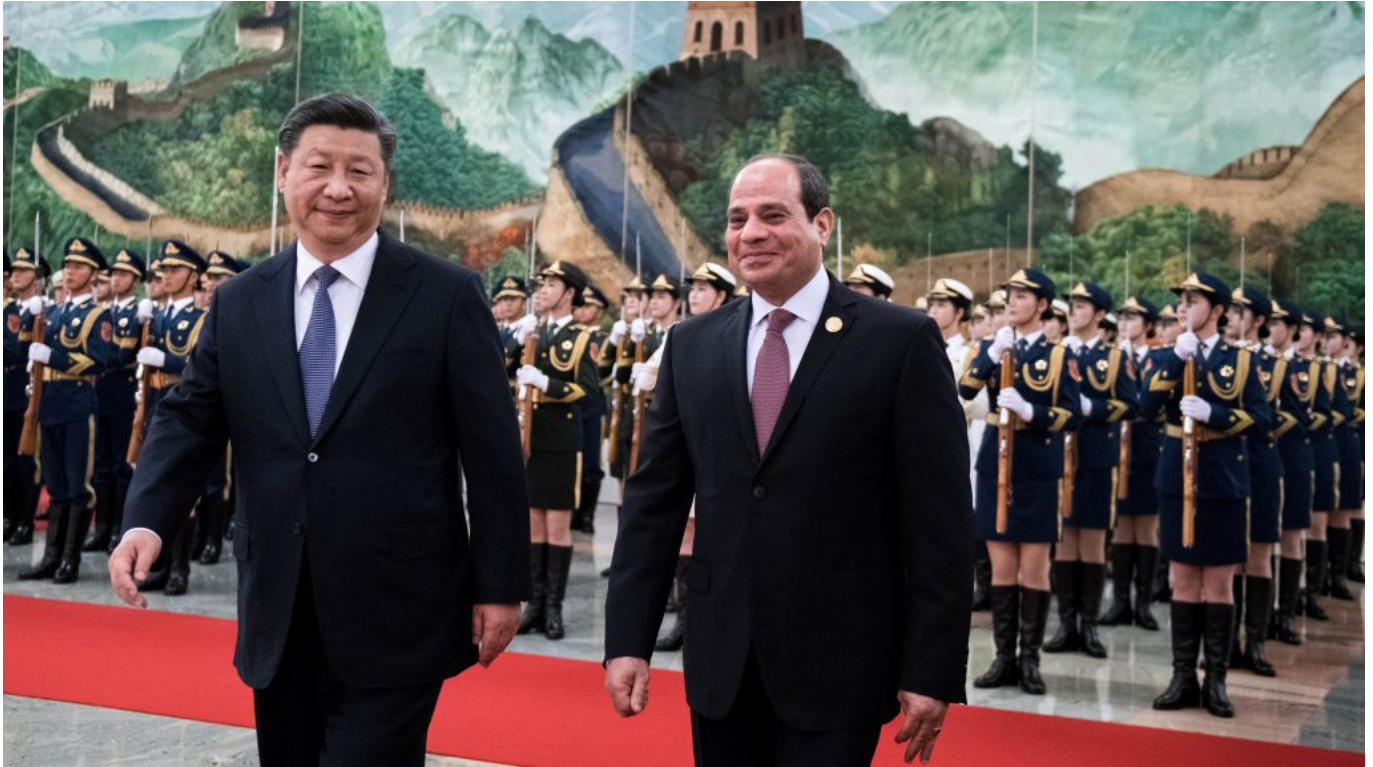


covering 543 Km linking El-Alamein to Ain Sokhna, which, once completed, will be the longest line in the middle East.

## **People to People Linkages**

Cultural ties have always existed between Beijing and Cairo being two ancient civilizations. The tourism sector is a vital element in Egypt's economy, and China is one of the largest exporters of tourism. The land of pharaohs is an attractive destination with ample tourism resources. Chinese economic investments have indeed helped in reviving a slow going tourist flow in Cairo. Chinese tourists in Egypt are increasing year by year. The number of charter flights between both nations has also been expanding. Both nations were cooperating during Covid-19, sending medical assistance to deal with the pandemic.

Academic relations are also enduring between Cairo and Beijing. In 1995 an MoU was signed by both nations on educational cooperation. There are more than 2000 Egyptian students in Chinese Universities. Egyptian Chinese University was established in Cairo, aiming to promote Chinese culture in Egypt. There are two Confucius Institutes and three Confucius classrooms in Egypt. Recently in September 2020, a cooperation protocol was signed to teach the Chinese language in Pre-University schools in Egypt as a second optional foreign language



China's President Xi Jinping and Egyptian President Abdel Fattah al-Sisi stand near the Chinese People's Liberation Army honour guard during a welcome ceremony at the Great Hall of the People in Beijing, China September 1, 2018. Nicolas Asfour/Pool via REUTERS

## Conclusion

Egypt, China relations have always been bonded by mutual respect and cooperation. Egypt has been a staunch supporter of BRI since its announcement in 2013 and has always backed Beijing in international bodies recently on its implementation of national security laws in Hongkong. Egypt has shown complete support for the Chinese government's policies on Xinjiang. In 2017, Egyptian police even went on to capture Chinese Uyghurs in Xinjiang and deport them back, just months after Beijing and Cairo signed a Memorandum for "Combating terrorism."

The major challenge is China's enduring relation with Ethiopia on which Egypt is highly dissatisfied. The construction of the Grand Ethiopian Renaissance Dam on the Blue Nile River is argued as a challenge on its energy and water security by Egypt. Chinese companies provide significant financial support to this construction, and Beijing has yet been silent on this issue. China's policy of non-intervention is highly unlikely to work in such a considerable strain between its investment destinations.

China and Egypt need to further deepen their bilateral ties by strengthening financial cooperation, albeit having robust political cooperation. China should focus more on engaging skilled laborers from Egypt and training Egyptian youth on technology, which can be beneficial to Cairo in the future . Both nations have assured their interest in enhancing cooperation in combating terrorism and extremism. Beijing is gaining importance in Cairo day by day under Sisi, and the future of such massive investments, including dangers of the debt trap, still exists.

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