SINO-EGYPTIAN RELATIONS POST-2013: THE DYNAMICS AND CHALLENGES OF AN EMERGING STRATEGIC PARTNERSHIP

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Abstract: In 2014, China and Egypt upgraded their bilateral relations to the level of comprehensive strategic partnership, providing a new framework under which both states have been able to intensify and deepen their cooperation as never before. Building on the concept of strategic partnership as a newly emerging framework of international cooperation, this article examines the dynamics of the Sino-Egyptian comprehensive strategic partnership from the perspective of the driving motivations of both actors, its policy manifestations as well as its potential challenges in the future. The article contends that while the Sino-Egyptian comprehensive strategic partnership has offered an ideal framework of win-win bilateral cooperation that corresponded to the strategic interests and needs of both actors in a critical historical juncture post-2013, this framework, which involves a number of imbedded limitations, might not continue to serve bilateral interactions in the medium and long terms, particularly as it pertains to their future corresponding security and economic concerns.

Keywords: China, Egypt, strategic partnership, development, Belt and Road Initiative, Beijing Consensus

Introduction

In 2014, China and Egypt embarked on a new stage in their bilateral relations with the establishment of the first comprehensive strategic partnership between the two countries. The new partnership has set the stage for the deepening of Sino-Egyptian interactions in an unprecedented manner, leading to an upgrade in the level of bilateral cooperation over various issues. The significance of the Sino-Egyptian strategic partnership may be conveyed from multiple perspectives. From a bilateral perspective, the Sino-Egyptian strategic partnership has emerged in the context of rising national aspirations in China and Egypt to undertake significant transformations both

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internally and externally. In China, President Xi Jinping articulated the concept of a Chinese Dream in 2013 as a national project for a prosperous China in the future. According to Jinping, the Chinese Dream is a comprehensive strategy for “national rejuvenation, improvement of people’s livelihoods, prosperity, construction of a better society and military strengthening.” While the Chinese Dream has primarily dealt with domestic achievements, it has also incorporated an international dimension as China has to deal with the risks emanating from the international system, capitalize on opportunities, and create international conditions conducive to the fulfillment of its dream (Wang, 2014: 8–10). In Egypt, following the June 2013 uprising, President Sisi expressed a similar sentiment, centered on the concept of national rejuvenation. The Egyptian Dream has entailed the implementation of comprehensive socioeconomic development domestically, and the restoration of Egypt’s influential role in regional and international politics. The Chinese Dream being articulated at the same time as Egypt has been advocating its own national dream accounts for the warm reception of the Chinese Dream in Egypt, which has sought to draw lessons from China’s strategy, while exploring the prospects for convergence between the two dreams. From a global perspective, the significance of the Sino-Egyptian strategic partnership stems from the wider context of China’s partnership diplomacy. The Sino-Egyptian partnership can be described as a “comprehensive strategic partnership,” categorized at the highest level in terms of China’s partnership diplomacy with the outside world, thereby reflecting Egypt’s strategic pivot for Chinese interests at the global level. From a regional perspective, one could observe the significance of the Sino-Egyptian partnership in the wider context of China’s partnership record in the Middle East. The Sino-Egyptian partnership represents the first comprehensive strategic partnership China has established in the Middle East, which reflects the centrality of Egypt in China’s regional strategy (Sun, 2020; Fulton, 2019).

Given this significance, this article aims to critically analyze the present dynamics and future prospects of the emerging Sino-Egyptian comprehensive strategic partnership. It seeks to examine the context under which the Sino-Egyptian strategic partnership has emerged, focusing on the motivations of both actors and the constraints they face; delineate its policy manifestations in terms of the new areas of cooperation; and explore the potential challenges that might impede its momentum and sustainability in the future. In addressing these issues, the article will build on the concept of “strategic partnership” as a newly emerging framework of inter-state interactions in international relations. This offers a new conceptualization of the process of inter-state cooperation; a field of investigation that, until the end of the Cold War, had been dominated by the traditional concept of “alignment.” Unlike the strategy of rigid, threat-driven alliances between like-minded states, strategic partnerships tend to function as goal-driven and pragmatic frameworks of cooperation between states for the attainment of joint interests and
mutual goals, regardless of shared values (Pan and Michalski, 2019: 268–269). This goal-driven and pragmatic dimension of strategic partnerships offers a higher level of flexibility as it enables states with diverging values, and possibly interests, to seek cooperation in specific issue areas of shared concern and mutual agreement. It also allows states to enter into strategic partnerships with competing powers without alienating any of them, thereby providing states with a wider margin of freedom in their engagement with trading partners (Basrur and Kutty, 2018: 7; Struver, 2017: 37; Parameswaran, 2014: 264). This article contends that the Sino-Egyptian comprehensive strategic partnership has emerged within the context of both actors’ endeavors to create a framework for win-win bilateral cooperation. Within this framework, China and Egypt, capitalizing on their strategic understanding of international and regional politics, have sought to respond to joint challenges and promote shared development goals more effectively. Nevertheless, while the present dynamics of the Sino-Egyptian strategic partnership have ideally corresponded to the core interests of both partners since 2013, several potential sources of friction, if not successfully managed, might cast a shadow over the sustainability of the partnership in the medium and long term.

The Context of the Sino-Egyptian Strategic Partnership

Since the establishment of formal diplomatic ties between the People’s Republic of China (PRC) and Egypt in 1956, modern Sino-Egyptian relations have passed through four main stages of development. In the first stage, which extends from the 1950s to the 1960s, Sino-Egyptian relations were largely defined by the ideological rivalries that dominated Cold War politics. During this era, bilateral relations witnessed a series of crises due to the dominance of ideological factors in the foreign policies of both countries (Khalili, 1970: 311–313). This went parallel with Sino-Egyptian attempts to insulate bilateral relations from these crises, which resulted in the prevalence of a certain pattern of oscillation between cooperation and conflict during this era. In the second stage, which extends from the 1970s to the 1980s, Sino-Egyptian relations underwent a major orientation shift towards rapprochement, catalyzed by changes in leadership in Egypt and China. In Egypt, President Sadat’s condemnation of the Soviet-American détente and his decision to end the mission of the Soviet military experts in Egypt in July 1972 accorded with China’s strong anti-Soviet stance. In China, President Deng Xiaoping adopted a new strategy of promoting regional and global stability in order to facilitate China’s economic reforms and integration into the global economy. This laid the foundation for a new pragmatic policy towards the Middle East, in which China prioritized the expansion of economic relations with regional actors, including Egypt (Selim, 2000: 37–38). In the third stage, which extends from the
end of the Cold War to the 2011 Arab uprisings, the focus of Sino-Egyptian relations shifted primarily to economic cooperation. During this era, China and Egypt upgraded their bilateral economic cooperation from export-import relations to investment and joint projects (Bazanova et al., 2018: 72–74). They also added a multilateral dimension to their existing bilateral relations with the creation of the China-Arab Forum for Co-operation in 2004 (Benabdallah, 2018: 3–4).

Notwithstanding this positive record in the post-Cold War era, Sino-Egyptian relations remained confined within the parameters of normal “ad hoc” bilateral relations. This could be explained within the context of the US-led “New World Order” which constrained the partnership choices of developing countries. On the one hand, Egypt’s strategic alliance with the United States since the late 1970s discouraged successive Egyptian regimes from pursuing strong ties with China for fear of jeopardizing relations with the global hegemon. On the other hand, China, which began to emerge as an economic power as a result of its dedicated pursuit of its own model of development for nearly a decade and half, chose to pursue a course of action characterized by an emphasis on economic development and harmony with other powers. Accordingly, China was careful to avoid any potential competition with the US over Egypt at a time when it was striving to prolong the period of peace with the West in order to consolidate its economic rise. The result is that the prospects for building a Sino-Egyptian strategic cooperation were for a while severely limited.

It was not until 2013 that Sino-Egyptian relations entered the fourth stage of development that culminated in the establishment of the Sino-Egyptian comprehensive strategic partnership in 2014, which was followed by an unprecedented upsurge in the course of bilateral cooperation. The new Sino-Egyptian strategic partnership has emerged within the context of two major developments in the strategic environment that typify relations between the two countries, laying the foundation for a major reorientation in Sino-Egyptian relations post-2013. The first is China’s strategic pivot towards the Middle East after the 2011 Arab uprisings, which was prompted by China’s perception of the Middle East as a simultaneous source of increasing opportunities and serious challenges to its strategic interests. The second is Egypt’s June 2013 uprising and the resultant transformations in Egypt’s policy priorities at the political and economic levels. A review of these developments and their implications on Sino-Egyptian relations is in order.

China’s Strategic Pivot toward the Middle East

The Sino-Egyptian strategic partnership has emerged as part of China’s proactive strategy towards the Middle East, which represented a major shift in China’s traditionally conservative approach. With the end of the first decade of the twenty-first century, China, having consolidated its economic rise, began to act more assertively and project influence in areas far from its territory and close to
the Middle East in response to the latest set of global challenges. Perhaps the main challenge was the new American Pivot to Asia; a strategy that seeks to contain the rise of China and counter its territorial and maritime claims in the South China Sea through the mobilization of the Southeast Asian nations against China’s vital interests. While the United States has sought to encircle China in the Asia Pacific, China has taken counter-measures by seeking to project its influence into the Middle East, with the aim of redefining the US hegemonic role in this critical region (Zhang, 2016: 54–56). This new diplomatic strategy became increasingly relevant following the disruptions resulting from the 2011 Arab uprisings. By virtue of the uprisings and the resultant regional security turmoil, the Middle East has increasingly become significant in terms of China’s strategic interests as never before. This is mainly due to the increasing volatility of the Middle East, a region which provides China with almost half of its total energy imports, and so potentially jeopardizing China’s energy supply (International Energy Agency, 2012: 85, 107). This is coupled with the escalation of US “regime-change” policies following the Arab uprisings, which had detrimental effects on Chinese strategic interests in the region. In addition, China has been increasingly alarmed with the rise of transnational connections between its Uyghur separatist movements and the Jihadi terrorist movements in the Middle East, which resulted in hundreds of Chinese Uyghur militants joining extremist movements in Syria and Iraq (Lin, 2016: 37–39). These factors culminated in China developing its Middle East strategy beyond a blanket principle in support of non-intervention to that of assertive engagement with the region and its key actors. This was evident in China’s deployment of its naval military force in the Mediterranean for the first time to carry out non-combatant missions, to evacuate Chinese nationals from Libya in 2011. This was followed by China’s frequent deployment of its naval warships in the Mediterranean from 2012 onward to conduct joint naval exercises with Russia (Selim, 2019: 259). In 2016, China issued its Arab Policy Paper as the first Chinese policy paper focusing entirely on the Arab world. The document, which formalized China’s new proactive approach towards the Arab world, emphasized China’s commitment to deepen Sino-Arab cooperation in a wide range of areas (Ministry of Foreign Affairs, 2016).

More important than the projection of naval power, which has remained limited from a great power perspective, is China’s new proactive economic strategy towards the Middle East. Despite the shift in China’s traditional approach of non-intervention towards greater assertiveness, China has primarily focused on deepening its economic engagement with key regional actors in order to assert its influence. Pursuant to this strategy, China has preferred economic diplomacy over military power as a means to respond to regional challenges and secure its strategic interests in an increasingly critical region. This has entailed the adoption of a
comprehensive economic approach in which China would use a wide range of economic and financial measures, including trade, investment, and economic cooperation, to support its strategic regional interests (Chaziza, 2019: 3; Garlick and Havlova, 2020: 6–7). China’s caution against challenging the United States militarily in the Middle East is understandable; it is imperative that China does not overstretch its military capability to regions in which it does not have full control. As such, China does not seek to provide or even contribute in any substantial way to regional security beyond providing United Nations peacekeeping troops, in addition to anti-piracy and maritime security missions. Rather, China prefers that the United States continue to undertake that burden in order not to disrupt its economic rise (Yao, 2015: 163; Scobell and Nader, 2016: 74–75). Even with the recent rise of counter-terrorism on its foreign policy agenda, China has adopted a developmental strategy, in the form of economic aid, reconstruction, and capacity building, as its main approach to counter-terrorism in the region (Hiim and Stenslø, 2019: 157).

This economic orientation has manifested itself as strategic partnerships with key regional actors under the framework of China’s Belt and Road Initiative (BRI). Unveiled by President Xi Jinping in 2013, the BRI is a grand economic project that seeks to build an infrastructure and trade network that would connect Asia to Africa and Europe via Central Asia and the Middle East along the lines of the old Silk Road. Since its inception, the BRI has become the core of China’s partnership diplomacy in the Middle East, providing a platform for expanding China’s economic engagement within the region. Under the BRI framework, China has linked the concept of trade with development, and has emerged as a major provider of economic development in the Middle East (Andersen and Lons, 2020: 98). It has exercised this role through the coordination of economic policies, the upgrade of physical infrastructure, and the provision of the necessary financial resources to the partner states deemed central to the BRI, with the purpose of further integrating them into the BRI’s trading networks. Indeed, China has developed a direct stake in the security and stability of the Middle East as an essential precondition for the success of its BRI. Although the BRI has a wide geographical domain across three continents, the Middle East is central for the development of the BRI given the region’s strategic location at the crossroads between Asia, Europe, and Africa, along the projected land routes and sea-lanes of the initiative (Andersen and Lons, 2020: 16). Against this backdrop, Egypt’s unique strategic location has given it a particularly significant role in China’s BRI strategy. Egypt occupies a pivotal position as a gateway for China to European markets, given the presence of the Suez Canal at the intersection of the network of maritime routes, connecting Asia to Europe. For China, this has elevated the strategic significance of the Middle East, and Egypt in particular, beyond the traditional question of
energy security to include the success of its grand BRI project. In September 2018, President Xi Jinping emphasized Egypt’s importance to the BRI when he made it clear that China “considers Egypt as an important and long-term cooperative partner in the co-building of the BRI, and is willing to closely synergize the BRI and the development strategies of Egypt” (cited in Chen, 2018: 223). Within this context, China has been keen to frame the BRI as a win-win initiative that not only serves China, but also benefits China’s regional partners, highlighting Egypt’s potential gains in particular (Reuters, 2019).

**Egypt’s June 2013 Uprising**

Egypt’s June 2013 uprising, which led to the ousting of the Brotherhood-led Morsi regime, provides further context for the development of the Sino-Egyptian strategic partnership. We may recall that the United States considered the uprising and its outcomes as a serious blow to its regional interests, and decided, for the first time since Camp David, to launch a review of its foreign assistance policy toward Egypt. Subsequently, it suspended its military and economic aid to Egypt and cancelled joint military exercises between the Egyptian and US militaries. It also ended the “cash-flow financing” policy in 2015, which had enabled Egypt to use future aid to buy weapons on credit. Although the Obama administration eventually accepted the new political reality in Egypt and reluctantly tried to return to business as usual, it nevertheless expressed its discontent regarding the Egyptian government on several occasions (Sharp, 2015: 3–4). In response, Egypt considered the US policy as a significant blow to its national security, at a critical time when the country was vulnerable to unprecedented challenges on multiple fronts (Trager, 2015). This was particularly the case with respect to the threats of transnational terrorism which permeated the country, and the acute economic crisis following the 2013 uprising. Accordingly, Egypt was eager to diversify its options in the international environment and to seek alternative allies that were willing to lend support amid a turbulent domestic and regional environment. This paved the way for Egypt’s adoption and strong pursuit of a “Look East” policy as it sought to cultivate a strategic engagement with Asian powers in general, and with China as an emerging great power in particular (Farahat, 2019a: 36).

While providing Egypt with a strategic support in light of increasing US pressures, China has also emerged as an attractive political partner for Egypt on two main grounds. First, China’s pragmatic approach to the diplomacy of strategic partnerships has offered Egypt the opportunity to deepen its strategic engagement with China without compromising Egypt’s freedom of movement in the international environment. In this respect, Egypt, notwithstanding its strategic pivot towards China, has also been able to maintain its strategic relations with Western
powers and to develop new strategic relations with other powers as well. This has enabled Egypt to develop relatively balanced relationships with the great powers rather than replacing one global patron with another, thereby escaping, to a large extent, the pattern of dependency that had generally characterized its foreign relations with the great powers since the 1950s (Selim, 2020: 15). Second, China shares Egypt’s views on several regional issues. For example, China has positively reacted to the fall of the Islamist political order in Egypt in 2013 in light of its concerns about transnational linkages between Egypt’s Islamists and China’s separatist Islamist movements. Since then, China and Egypt have been intensively involved in fighting radical Islamist terrorism as one of the main threats to their national security. Additionally, China and Egypt have emerged as fierce defenders of the principle of state sovereignty in international politics. For Egypt, the significance of China’s commitment to this principle was evident in China’s policy towards the Egyptian 2011 and 2013 uprisings. Unlike the United States that sought to contain and politically engineer the two uprisings to serve its strategic interests, China stayed out of Egypt’s internal affairs, respected the sovereignty of the Egyptian state, and was quick to offer its support and express its respect for the right of the Egyptian people to choose their political system away from any external interventions (Sike, 2013: 71). With a pivotal great power like China sharing a number of Egypt’s national security concerns and emphasizing the doctrine of state sovereignty at a time when Egypt was subject to external pressures to reshape its domestic political order, it was logical that China has represented a significant strategic partner for Egypt (Gadallah, 2016: 98).

Egypt’s strategic pivot towards China may also be understood from a developmental and economic perspective. The Chinese model of development, or what has been known as the “Beijing Consensus,” has become increasingly attractive for Egypt on two interrelated grounds. First, in contrast to the Washington Consensus with its emphasis on political reforms as preconditions for economic development and the allocation of foreign aid, the Beijing Consensus attaches no strings with regard to the domestic political and economic systems of the partner states (Yao, 2015: 173–174). With the absence of conditionality, the Beijing Consensus has actually provided Egypt with a framework of development that better suits its political and socioeconomic priorities after 2013. With its combination of authoritarianism and economic development, the Chinese model has offered strong evidence that authoritarian, centralized, and efficient regimes can lead a successful strategy of economic and social development through the implementation of state-led capitalism, which combines neoliberal reforms with state control over the economy. This has granted legitimacy to Egypt’s developmental model under the leadership of Sisi, who has prioritized stability and socioeconomic development over political and democratic reforms (Calabrese, 2020).
Second, Egypt has sought to benefit from China’s economic rise to boost economic growth and solve a chronic development gap that had intensified following the 2013 uprising. With China’s burgeoning economic involvement in the Middle East, Egypt has sought to capitalize on China’s BRI as a potentially significant source of funding and investments with no restrictive conditions (Chaziza, 2021: 260). In this respect, Egypt’s rapid positive response and burgeoning interest in joining the BRI is only logical. Indeed, Egypt’s decision to formulate the basic thrust and priorities of its economic development strategy, Egypt’s Vision 2030, in tandem with the requirements of China’s BRI is a clear indicator that it plans to continue to follow this policy orientation (Chen, 2018). More strategically, Egypt perceives the BRI as not just a source of funding and infrastructural development, but also as a framework for building a collection of networks or new operational structures to serve the purposes of enhancing trade, investment, and capital flows. As such, Egypt seeks to capitalize on the BRI as an entry point to the new types of financial institutions that China has established to promote the initiative, and which provide diversified financing platforms for infrastructure construction projects in the countries along the BRI routes. These include the Silk Road Fund, established in December 2014, and the Asian Infrastructure Investment Bank (AIIB), established in December 2015. Egypt became a member of the AIIB in 2016 (Prinsloo, 2019: 627). Egypt also seeks to engage with the new economic networks in which China now participates, such as the G20, the Shanghai Cooperation Organization, and BRICS. Additionally, it seeks to join the funding institutions for international groups associated with the BRI, such as the financial organizations of BRICS, the New Development Bank, and the BRICS Contingent Reserve Arrangement (Farahat, 2019b).

Policy Manifestations

It was in the context of China’s strategic pivot to the Middle East and Egypt’s political and economic transformations post June 2013 that both China and Egypt sought to upgrade their bilateral relations to the level of comprehensive strategic partnership. These efforts materialized with the conclusion of the first Sino-Egyptian comprehensive strategic partnership agreement in 2014 by Presidents Xi Jinping and Sisi, in which they pledged to consolidate Sino-Egyptian cooperation in the political, economic, technological, and cultural fields. Accordingly, in 2016, Xi Jinping and Sisi finalized a five-year, multi-sector cooperation agreement named the “Five-Year Implementation Program of the People’s Republic of China and the Arab Republic of Egypt on Strengthening the Comprehensive Strategic Partnership.” The agreement delineated detailed plans for the development of Sino-Egyptian relations for the next five years. The two presidents also signed
a memorandum of understanding (MOU) on the joint implementation of the BRI. According to the five-year agreement and the MOU, both countries would commit to interweaving their development strategies and visions, focusing on infrastructure construction and capacity cooperation, and working together to transform Egypt into a foothold for China’s BRI (State Council Information Office, 2016). Indeed, the abovementioned agreements have provided the institutional framework for the development of Sino-Egyptian strategic cooperation in a variety of areas over the upcoming years.

The upsurge in the number of official exchanges between the two countries at the highest levels is evidence of the Sino-Egyptian comprehensive strategic partnership operating at the political level. Since 2014, President Sisi visited China six times and hosted President Xi Jinping in Cairo in 2016. This represents the highest number of official visits Sisi has made to a foreign country since he took office in 2014. The significance of this number is notable in comparison with Sisi’s official working visits to the US. Over the same period, not a single US-Egyptian summit was held during Obama’s term, and only two US-Egyptian summit meetings were held in Washington during the Trump administration (US Department of State, n.d.). China has become the top foreign destination for the Egyptian president—a status the United States had long enjoyed in its relations with Egypt since the 1980s. Moreover, the Sino-Egyptian official exchanges have taken place within the context of bilateral and multilateral frameworks, adding another layer to the emerging strategic partnership between the two countries. Whereas the bilateral framework has taken the form of regular summit meetings between the Chinese and Egyptian political leadership, the multilateral framework has taken the form of Egypt’s participation in the annual meetings of China’s network of collaborative structures.

The Sino-Egyptian official exchanges began with President Sisi’s visit to China in 2014, the same year he took office. In 2015, Sisi paid his second visit to China to attend China’s celebration of the 70th anniversary of the end of World War II. Reflecting the significance of the visit, the Egyptian president was the only leader from the Middle East to attend the Chinese celebration, and Egypt was one of 17 countries to send troops to march in the military parade (Tiezzi, 2015). In January 2016, President Xi Jinping visited Cairo; the first visit by a Chinese leader to Egypt in twelve years. The same year, Sisi paid his third visit to China to participate as a guest in the G20 summit. This was the first time that Egypt would participate in the annual summit meetings of the G20. This may be deemed as Egypt’s first endeavor to capitalize on its strategic partnership with China to access China’s economic networks, thereby representing a segue from the political to the economic. In September 2017, Sisi attended the BRICS summit in Xiamen, China. This was the first time that Egypt would take part in a BRICS meeting, which represents a key
step in connecting Egypt with the five-country bloc. In September 2018, Sisi attended the Beijing Summit of the Forum on China-Africa Cooperation (FOCAC). In April 2019, Sisi attended the Belt and Road Forum for International Cooperation (BRFIC) in Beijing, further underscoring Egypt’s strategy to leverage its relationship with China to gain access to new economic networks (Beijing Review, 2019).

In the economic domain, the Sino-Egyptian comprehensive strategic partnership has centered on the synergy between China’s BRI and Egypt’s Vision 2030. This has manifested in the development of integrated land and maritime transport and trade infrastructure, which is an integral component of the BRI and a priority of Vision 2030. Under this framework, the Sino-Egyptian cooperation has focused on infrastructure construction, the upgrading of production capacity in key strategic sectors, energy, and investments. This began with the development of the Suez Canal Corridor Project (SCCP), which is part of Egypt’s strategy to develop the area along the Suez Canal as one of the region’s primary logistics and manufacturing hubs. In this context, China has emerged as one of the biggest investors in the SCCP (Tiezzi, 2016). This has manifested in the role played by China’s state-owned Tianjin Economic-Technological Development Area (TEDA) company in the development of the Suez Economic and Trade Cooperation Zone (SETC-Zone), which aims at creating growth engines across the Suez Canal and generating added economic value. Officially started in 2008 with an area of 1.34 square kilometers, the China-Egypt TEDA Suez Economic and Trade Cooperation Zone launched its second phase in 2016 with an expansion project covering an area of 6 square kilometers. The expanded TEDA cooperation zone is expected to attract approximately 150–180 enterprises with total investments amounting to USD 5 billion (Xinhua, 2019a). Since the launch of the second phase, TEDA has already attracted around 80 industrial enterprises to the SETC-Zone from the automobile, textile, fiberglass, hygiene, plastics, and rubber industries, with foreign direct investment exceeding USD 1 billion (The Economist, 2019). In line with the SCCP, China has become the biggest foreign investor in Egypt’s New Administrative Capital. In 2016, the China State Construction Engineering Corporation (CSCEC) was the first to obtain the franchise rights for the construction of the central business zone in the new capital (China Daily, 2020). The same year, the China Fortune Land Development Company (CFLD) agreed to invest USD 20 billion, over a period of ten years, to develop the administrative district in the new capital. Moreover, China has supported the construction of Egypt’s High-Speed Railway Project (HSRP). The HSRP has been built by a consortium of Chinese and Egyptian companies with a total investment of USD 9 billion. Reflecting its significance, the HSRP will serve as the land equivalent to the Suez Canal as it will connect the Red Sea port of Ain El-Sokhna to the new Alamein city on the Mediterranean coast in only three hours (Egypt Independent, 2020).
In the areas of capacity production, China has also invested in the construction and upgrade of key industrial projects in Egypt. For instance, since 2018, China has invested in the restructuring of the Egyptian textile industry through the development of Egypt’s largest textile industrial park, which is set to house more than 592 Chinese textile and apparel factories. The park will be part of Egypt’s Qualified Industrial Zones (QIZ), which will in turn give Chinese companies a base from which to export duty-free clothes to the US and EU markets (*Belt and Road News*, 2019). In the same vein, China has invested in the upgrade of Egypt’s automotive industry, which had represented one of the icons of Egypt’s industrialization project during the era of Nasser. In 2019, Egypt’s state-owned El Nasr Automotive Manufacturing Company and China’s Dongfeng Motor signed an agreement to produce electric cars for the first time in Egypt. The agreement, which resulted in the relaunch of Egypt’s oldest automotive manufacturer after eleven years of shutdown, has set the stage for the localization and technology transfer of the electric vehicle production industry in Egypt, with plans to produce 25,000 electric cars annually (*Al-Monitor*, 2020a).

Meanwhile, China and Egypt have intensified bilateral cooperation in the production, distribution, and transportation of electricity and renewable energy in Egypt. The Sino-Egyptian energy cooperation falls under the context of Egypt’s adoption of an ambitious energy diversification strategy in 2014, which aims at increasing the supply of electricity generated from renewable sources to 20 percent by 2022 and 42 percent by 2035 (Kadry, 2020). Since 2018, China has been actively involved in the construction of the Benban Solar Energy Park in Egypt’s southern province of Aswan, the world’s largest solar power station (*Xinhua*, 2019b). In the course of the project, China’s TBEA Sunoasis Renewable Energy Company has already finished the construction of three solar power plants, with investments amounting to USD 180 million (Diab, 2019). Moreover, China’s Dongfang Electric and Shanghai Electric firms have been building a coal-fired power plant in the Hamrawein region near the coast of the Red Sea, with total investments worth USD 4.4 billion. Additionally, China has begun construction of a major pumped-storage hydropower plant in the Suez province, with total investments of USD 2.6 billion. The plant will be the first hydropower plant in Egypt, the largest in Africa and the Middle East, and the fourth worldwide in terms of production capacity (*Xinhua*, 2018).

**Potential Challenges**

Notwithstanding the positive manifestations of the Sino-Egyptian strategic partnership in the political and economic domains, one should approach the sustainability of the ongoing strategic partnership with caution due to a number of potential challenges. Whereas some of these challenges are imbedded into the
present structure of the Sino-Egyptian strategic partnership, others are related to the external strategic environment. Such challenges, if not successfully addressed, could prove to be problematic and disrupt the momentum of Sino-Egyptian strategic cooperation in the medium and long term.

First, although the Sino-Egyptian strategic partnership has been triggered by a convergence of perspectives on a number of regional issues and policy areas, China may become of little relevance to Egypt in responding to certain types of national security threats. This can be attributed to China’s approach to its partnership diplomacy as goal-driven, rather than threat-driven, frameworks of inter-state cooperation. According to this approach, China has entered its strategic partnership with Egypt in pursuit of mutual interests, rather than in response to a particular security or military threat. While this goal-driven dimension has provided China and Egypt with a wider margin of flexibility and freedom in their bilateral engagement, it has, nevertheless, masked Sino-Egyptian differences on important regional questions. Understandably, this raises questions over China’s role as a reliable political partner to Egypt in the event that Sino-Egyptian geopolitical interests and priorities do not overlap, or possibly even diverge. This is evident, for example, in China’s cautious neutrality regarding the Egyptian-Turkish conflicts over Libya and the Eastern Mediterranean gas fields. In both conflicts, China has shown no interest in leading mediation efforts or coordinating its policies with Egypt. Rather, it has taken a back seat and allowed other great powers to take the lead in the mediation and resolution of the two conflicts. More important is China’s controversial role, from an Egyptian perspective, in the Egyptian-Ethiopian conflict over the ‘Renaissance Dam’ project. Although Egypt perceives the project as a fundamental threat to its water security, China has developed a major stake in the project through the provision of financial and technological support to its construction (Millar, 2020). As such, China’s interests have become intertwined with the successful and timely completion of the Renaissance Dam project. No doubt, this Chinese support, among other factors, has added a new impetus to Ethiopia’s unilateral approach to the water conflict with Egypt, placing China, if somewhat indirectly, at odds with Egyptian interests (Hamada, 2017: 111). While Egypt has remained silent on the issue, probably to avoid disrupting the momentum of its emerging strategic partnership with China, it is likely that it will have a negative spillover effect on Sino-Egyptian relations if Egypt encounters an actual water shortage as a result of the completion of the project in the absence of a legally binding agreement with Ethiopia. More importantly, the fact that Egypt publicly declared that the filling of the dam would lead to the destabilization of the region should be a red flag for China that the whole Middle East region might be plunged into turmoil. This in turn may prove to be damaging to China and its BRI project. Not only will this put a damper on the Sino-Egyptian strategic partnership, but will end up costing China both financially and
strategically, disrupting its developing trade routes and compelling it to take a broader and more involved role in ensuring the stability and security of the Middle East. This leads into the second challenge.

Second, China has actively sought to maintain its economic diplomacy approach to the Middle East through the intensification of financial and economic engagement with regional actors while avoiding direct involvement in the regional security domain through the use of hard power. As long as China can secure its regional economic interests with minimal security involvement, it will most likely continue to leave the regional security burden to be undertaken by the US. Nevertheless, recent developments in the global and Middle Eastern strategic environments suggest that China might not be able to sustain the momentum of its economic diplomacy in the region without playing a more significant role in regional security arrangements. As China is becoming increasingly dependent on Middle Eastern oil and is rapidly expanding its investments in the region, it will have to safeguard its regional economic interests against potential sources of instability that might obstruct the sea lines of communication or undermine its material investments (Lons et al., 2019). This is especially true with geopolitical tensions in the Eastern Mediterranean and the Gulf regions increasing, which may potentially necessitate a more active role on the part of China to maintain regional security and stability. This suggests that China will soon have no option except to deepen its security and military involvement in the region to protect its prodigious regional economic interests. This in turn will put China’s non-interference and non-aligned regional diplomacy under greater strain. However, should China abandon its non-interference doctrine in favor of a more prominent and interventionist role in the Middle East, this could have negative implications on the Sino-Egyptian strategic partnership in two fundamental ways. On the one hand, it could prove detrimental to China’s historically positive image as a peacefully rising great power with a non-colonial past, thereby generating tensions with regional actors, including Egypt, in the form of policy rejection and cultural resistance to China’s new role in the region. On the other hand, China’s deepening security engagement in a volatile Middle Eastern environment with deeply rooted rivalries might force China to adopt more assertive positions and take sides on regional conflicts. From an Egyptian perspective, this scenario might not only undermine China’s neutral and pragmatic narrative as one of the main focal points of the Sino-Egyptian strategic partnership, but also compromise Egyptian security interests in any Chinese-led regional security arrangements in the context of China’s deepening strategic ties with Egypt’s regional rivals, mainly Turkey, Israel, and Iran. In this context, the extent to which China can deliver on the role of a security provider, Egypt’s receptiveness to that role, and its resulting alliance patterns and security dynamics will definitely shape the direction of the Sino-Egyptian strategic partnership in the future.
Third, the Sino-Egyptian partnership might encounter potential challenges from the United States, which will most likely seek to obstruct the rise of Chinese influence in Egypt and the wider region to maintain its regional predominance. This scenario is highly conceivable as the United States, which remains the most influential external power in the Middle East, still considers the region as pivotal to its strategic interests. Despite its recently reduced dependence on Middle Eastern oil, the United States continues to have vested strategic interests in the Middle East, including the security of Israel, the containment of Iran, the combating of Islamist extremism, and the protection of energy flows and passages of international trade. In this context, China’s promotion of a “win-win cooperation” strategy in the Middle East is not expected to be positively received by the United States, which will not permit China to challenge its hegemonic status in the region. This was evident, for example, in the US-led NATO’s military intervention in Libya in 2011, which resulted in the loss of approximately USD 18 billion of Chinese investments in the country, and the replacement of Chinese companies by US and European companies across all sectors of the Libyan economy (Selim, 2019: 253–254). In line with its strategy of confronting China, the United States is also expected to exert substantial pressure on Egypt to slow down the momentum of Sino-Egyptian rapprochement. Despite the noticeable downturn in US-Egyptian relations in the aftermath of the Egyptian 2013 uprising, it is revealing that both actors have remained committed to the maintenance of a functional, bilateral strategic relationship, while acknowledging the pivotal nature of this relationship to their respective strategic interests. This explains why the United States has been keen to sustain its military aid to Egypt at an annual level of USD 1.3 billion. While Egypt has sought to diversify its arms suppliers through the conclusion of major arms deals with France and Russia, by continuing to provide military aid to Egypt, the United States has been able to maintain its position as the primary arms provider to the Egyptian military (Hartung and Binder, 2020). This leaves the United States with significant leverage over Egypt with respect to several issue areas, including the question of Egypt’s strategic cooperation with China. Indeed, evidence of US efforts to obstruct Sino-Egyptian cooperation could be seen in US threats to invoke penalties on Egypt through the Countering America’s Adversaries Through Sanctions Act (CAATSA) if the latter proceeds with purchasing specific classes of weapons from China or Russia (El Shabba, 2021). As further case in point, the US has exerted pressure on Egypt to avoid Chinese companies in preparation for the launch of 5G networks in the country, and to seek instead to join the “clean network” coalition; a US-led coalition of about 60 companies comprised of communications and technology giants worldwide (Al-Monitor, 2020b). As a result, Egypt has succumbed to US pressures and resorted to Exxon and Nokia, which are members of the US-led coalition, to provide the 5G technology
(Al-Ahram, 2021). These incidents, among others, strongly indicate that the US factor will be a major potential impediment to Sino-Egyptian strategic cooperation in the future.

Last but not least, the upsurge of Chinese investments in Egypt within the framework of the bilateral strategic partnership might put Egypt at the risk of debt distress in the future. Although China offers a more attractive financing strategy for Egypt than Western donors, China’s investments in Egyptian infrastructure projects have been mainly financed through loans provided by Chinese banks and the BRI-affiliated financial institutions. This has already caused a sharp increase in Egypt’s external debt to China since the establishment of the Sino-Egyptian strategic partnership. According to the Central Bank of Egypt (CBE), Egypt’s external debt to China has increased from USD 4.7 billion in 2017 to USD 6.8 billion in 2020. This has turned China into one of Egypt’s largest country creditors worldwide, surpassing each of the five main members of the Paris Club (Central Bank of Egypt, 2020). If loans from China’s sponsored financial institutions are added, Egypt’s total debt to China would stand at approximately USD 7.5 billion, and China would be Egypt’s largest non-Arab creditor. Although Egypt’s foreign debt, according to the CBE, has remained within safe and manageable limits, the recent and rapid increase in the volume of Egypt’s debt to China should raise the alarm that Egypt might be at risk of debt distress in the future due to BRI-related investments (Central Bank of Egypt, 2020; Hurley et al., 2021). This scenario is conceivable as a number of China’s Asian and African partners under the umbrella of the BRI are already facing a debt crisis as a result of Chinese investment loans, resulting in the cancellation or postponement of major Chinese-funded projects.

This is not to accuse China of engaging in deliberate practices to load developing countries with high debt risks—a groundless allegation that has been politically instrumentalized by the United States and its allies to discredit China’s BRI (Carmody et al., 2021: 2–3; Shaomin and Jiang, 2020: 72–73; Wihtol, 2020; Abdel Ghafar and Jacobs, 2019). Indeed, a careful examination of the BRI-related debt crises reveals that they are mainly related to the practices of poor debt management in the recipient states. China’s development financing strategy has always been recipient-driven, with projects being formally initiated through requests from the partner states. This goes in parallel with the lack of strong Chinese institutional mechanisms to protect the sustainability of the debt, which could result in the implementation of economically unsound projects in the partner states (Jones and Hameiri, 2020; Shaomin and Jiang, 2020; Hurley et al., 2021). As such, unless Egypt and China become more attentive to the financing strategy of Chinese investments in Egypt, implement stricter measures for ensuring the viability and financial sustainability of the funded projects, and attempt to diversify the sources of finance beyond the question of loans, Egypt will be at high risk of debt distress.
due to Chinese loans. This scenario would not only disrupt the momentum of Sino-Egyptian economic cooperation, but also raise concerns in Egypt regarding the attractiveness of the Chinese model of development as a whole.

**Conclusion**

The Sino-Egyptian comprehensive strategic partnership has provided a new framework under which China and Egypt have been able to intensify their bilateral cooperation as never before. It has also played an important role in the efforts of China and Egypt to realize their development goals and respond to common challenges, more effectively. Egypt has emerged as an indispensable strategic partner for the successful implementation of the BRI, which represents the focal point of China’s global strategy in the twenty-first century. Egypt is also essential to the stability of the Middle Eastern regional system, which is now a more pressing issue for China than ever before. Given its prominent influence in the Arab world, Egypt, capitalizing on the pre-existing shared Sino-Egyptian understanding on a number of core regional issues, can play a pivotal role in ensuring stability within the region. For its part, China has offered substantial support to Egypt in its quest for development. While supporting Egypt’s “Look East” policy and its economic openness to Asia, China’s BRI also represents a potentially important source of funding for major development projects in Egypt, as well as an important entry point for Egypt to the new economic networks within which China now participates. More strategically, the Sino-Egyptian strategic partnership has not compromised Egypt’s sovereignty or freedom of action in the international arena, thereby increasing China’s attractiveness as a reliable strategic partner for Egypt.

Nevertheless, it is important to acknowledge that while the present structure of the Sino-Egyptian strategic partnership has successfully corresponded to the interests of both partners since 2013, it might not provide the optimal framework for bilateral interactions in the future. Perhaps the most critical challenge will emanate from the continuing absence of a substantive Chinese involvement in the regional security domain, which is expected to become a source of contention in the near future in response to potential major changes in the regional political and security dynamics. The extent to which China can resist US pressure, deliver substantial security public goods in the Middle East, and be ready to build security coalitions, together with the implications this may have for Egypt’s national security interests, will undoubtedly determine the path of the Sino-Egyptian strategic partnership in the future. In the economic domain, the sustainability of the Sino-Egyptian strategic partnership may also be impeded as a result of the financing strategy of Chinese investments under the umbrella of the BRI, and the potential debt distress they may trigger in the partner states. In this respect, while the current
trajectory of the strategic partnership may seem ideal, serving Egypt’s short-term economic development goals, Egypt’s experience in dealing with more dominant partners, the US in particular, should serve as a blueprint for what to avoid in terms of establishing a mutually beneficial long-term partnership. While the comparative size and capabilities of the two states are disparate and therefore, by necessity or by default, preclude the possibility of a completely equal partnership, Egypt should attempt to avoid being subsumed as China pursues its own economic interests perhaps at the expense of other, smaller states. In this sense, Egypt should seek to take greater responsibility by carrying out stricter feasibility studies for potential Chinese investments so that Egyptian development priorities are upheld. More importantly, Egypt may be better served by fostering parallel multilateral frameworks of cooperation that may offer better opportunities for it to safeguard its interests across multiple avenues. By diversifying its options in terms of partner states, Egypt can secure its interests within multiple frameworks that would allow it to continue to leverage its relationship with China to gain access to new economic networks. This may also serve to forestall any potential US backlash against Egypt, as this might signal to the United States that Egypt is not fully prepared to pivot towards China as a potential replacement for the type of goods the US traditionally provides Egypt with, especially if these frameworks incorporate the US and its European allies. This would not only serve to fortify Egypt against potential security risks, considering the role Egypt plays in the region, its continuing dependence on the security framework provided by the US, and China’s reluctance to develop a security partnership, but would also protect it considering its status as an emerging economy. Further, it would serve China as well, since it would delay it having to take an active role as a security provider if its partners, like Egypt, can work to ensure their own interests and provide their own security.

Notes

1. The authors would like to thank Fatimah Ayad (The British University in Egypt) for her valuable and constructive comments on earlier drafts of this article.
3. For more details about the Egyptian Dream, see “Seven Years of Development and Construction,” Al-Ahram (Cairo), June 6, 2021.
4. China delineates five categories of strategic partnerships, with each category entailing a different level of engagement in terms of prioritization and substance with regard to bilateral cooperation. Whereas “friendly cooperative partnership” comes at the very bottom of the hierarchy with a focus on strengthening cooperation on selected bilateral issues, “comprehensive strategic partnership” is at the top of China’s hierarchy of partnerships, entailing the full and extensive pursuit of cooperation with respect to regional and international issues. See Chaziza, 2020.
5. The Sino-Egyptian comprehensive strategic partnership was followed by similar types of partnerships with Algeria in 2014, Saudi Arabia, and Iran in 2016, and the UAE in 2018.

6. For example, Iraqi nationalists supported by Nasser had to face off against Iraqi communists supported by China. Furthermore, regarding Yugoslavia and India, Egypt’s partners in the Non-Alignment Movement, China’s opposing stance disturbed Nasser. The Sino-Indian War of 1962 put Sino-Egyptian relations to another test. Egypt attempted to mediate between the two sides; however, China rejected the Egyptian initiative as biased in favor of India. Although Sino-Egyptian relations flourished again in the 1960s when Premier Chou En-Lai visited Egypt in 1963, they soon suffered a new setback due to the Sino-Soviet conflict and the question of Soviet membership in the Afro-Asian movement. Following the June 1967 war, Sino-Egyptian relations revived, as China condemned the Israeli aggression and provided Egypt with economic assistance. See Khalili, 1970: 312–4.

References


