

PEACE AND SECURITY

PROFOUND, TRUSTED AND A “WIN-WIN” FORMULA?

How Egypt Views Its
Relationship With China

Ahmed Kandil
November 2024



Egypt's relationship with China has expanded significantly in recent years economically, politically and culturally, along the synergy between Egypt's Vision 2030 and China's Belt and Road Initiative (BRI), and both countries' comprehensive strategic partnership from 2014.



Like many other countries in the Middle East and North Africa region, Egypt is cautiously walking the tightrope between China and the US to maintain balanced relations between the two powers to achieve its national interests.



China's increasing role in this region should be considered as an “opportunity” rather than a “threat”, as its rising geopolitical role may allow for more cooperation, mediation and conflict resolution.

Contents

INTRODUCTION	4
HISTORY OF RELATIONS: FROM ENMITY TO FRIENDSHIP	5
DOMINANT NARRATIVES	8
CHALLENGES AND CHANCES	10
CONCLUSION	11
References	12
About the Author	14

INTRODUCTION

Egyptian–Sino relations go back a long time, are multi-field and multi-level relations, and their importance has increased with the development of China as an international actor and as one with a strategic vision for the world’s future. With its tremendous economic progress and its increasing weight in the international system, China has begun to present its ideas regarding various regions of the world, including the Middle East and North Africa (MENA) region.¹

In this context, Egypt and the People’s Republic of China have maintained friendly and equal relations since the establishment of their diplomatic relations in 1956, which have traditionally focused on enhancing cooperation in several fields, such as combating terrorism and trade and cultural exchanges. The summit diplomacy that brought together the leaders of the two countries contributed to strengthening these relations. Egyptian President Abdel Fattah El-Sisi, since taking office in 2014, had visited China more than six times by 2023 and hosted Chinese President Xi Jinping in Cairo in 2016. This was the largest number of official visits made by the Egyptian President to a foreign country, which made China one of the most important foreign destinations for the Egyptian President, a position that the US has maintained since the 1980s. During the period 2014–2023, the Egyptian-American summit was held only twice, and both times in Washington DC during former US President Donald Trump administration, while no such summit was held at all during the term of former US President Barack Obama.² The frequent summits between the leaders of Egypt and China clearly underline the increasing importance that Beijing has acquired for Cairo, even with the continuation of the US as Egypt’s closest political ally.

This article begins with a historical review of Egypt’s political relationship with China, focusing on the period from 2014, since the Egyptian president Abdel Fattah al-Sisi was elected. Then, it will examine Egypt’s major links with China, especially related to trade, debts and Chinese investments in Egypt. Following this, it contemplates the state of some BRI projects in Egypt. Subsequently, it enumerates the political and economic challenges influencing Egyptian–Sino relations in the foreseeable future. Finally, it concludes with summarizing the major Egyptian views related to the relations with China and provides a number of recommendations to enhance stability, security and development in the MENA region.

¹ Hilal 2021.

² Selim and Moaaz 2021, 358.

HISTORY OF RELATIONS

Egypt and China, among the world's most ancient civilizations, have had friendly relations for a long time.³ In the modern era, Egypt was the first country in the MENA region to establish diplomatic relations with China in 1928. This also made Egypt the first country in the region in which China established a consulate on September 1, 1935.⁴ Since then, this profound and long relationship could be noticed in many milestones. For example, after the pivotal Afro-Asian Bandung Conference in 1955 in Indonesia, the two countries were among the group of independent Asian and African countries that supported national liberation movements worldwide to achieve independence and the right to self-determination. In this context, Egypt was the first country from Africa and the Middle East to establish diplomatic relations with the People's Republic of China (PRC) in 1956, at a time when Western countries were isolating it politically and economically. Since then, Cairo has gained increasing importance in the Chinese government's Middle Eastern strategy, and it is seen as a key force with strategic importance in the Arab world, Africa and developing countries.

During the Cold War era, Egypt and China agreed on a policy of non-alignment, and the non-entry of either of them into the Cold War led by the US and the Soviet Union.⁵ The two countries also supported each other on many issues and maintained a cooperative relationship in the political, economic and cultural fields. For its part, Beijing supported the Egyptian decision to nationalize the Suez Canal and condemned the tripartite aggression in 1956.⁶ On the other hand, Cairo supported the membership of the PRC in the United Nations. Egypt also clearly supported the principle of "one China" and the principle of "one country, two systems" in the Hong Kong Special Administrative Region. Moreover, it is also

noteworthy that Beijing did not withdraw its ambassador from Cairo when it did so from the rest of the Arab capitals in the time of its so-called Cultural Revolution (1966-1976).⁷

In the post-Cold War era, the two countries prioritized expanding economic ties,⁸ making Egypt the first developing country with which China signed a strategic partnership agreement in 1999.⁹ In addition, China and Egypt upgraded their bilateral economic cooperation from "export-import relations to investment and joint projects."¹⁰ The two countries also added a multilateral dimension to their existing bilateral relations by establishing the China-Arab Cooperation Forum (CASCF) and the Forum on China-Africa Cooperation (FOCAC).¹¹

From 2011 until 2023, the cordial and profound relations between Cairo and Beijing have witnessed continued progress. The Egyptian uprising of 2011 and its consequences did not affect Egypt's relations with China too negatively.¹² In fact, China adopted a position in support of the Egyptian people's choices during the January 25, 2011 and June 30, 2013 revolutions, and it declared its rejection of any external interference in Egyptian internal affairs.¹³ In parallel, Egypt sought to maintain close relations with China. For example, during his visit to Beijing in August 2012, former Egyptian President Mohamed Morsi signed with his Chinese counterpart, Hu Jintao, several agreements for major projects, such as a power station, a desalination plant, internet infrastructure and industrial bakeries.¹⁴ This visit symbolized Morsi's intention to consolidate his relations with Beijing at the expense of Washington, because he decided to visit China before the US, in his first official trip to a country outside the MENA region.¹⁵

At this stage, the two countries also upgraded their relationship to a "comprehensive strategic partnership" in December

³ Interesse 2022.

⁴ El-Shinawy 2022.

⁵ Although the matter was not without some tensions between Egypt and China, as happened with the Sino-Indian War 1962 or the case of the Sino-Soviet dispute. At this stage, China experienced political fluctuations and did not have much in the way of economic cooperation, cf. Abadi 1998, Zhou 2020. At the same time, its non-alignment policy did not prevent Egypt from obtaining substantial material support from the Cold War superpowers, such as the Soviet Union under Nasser first and, after a realignment under As-Sadat, from the United States, cf. Hinnebusch and Shama 2014.

⁶ El-Houseiny 2023.

⁷ El-Shinawy 2022.

⁸ Selim and Moaaz 2021, 351.

⁹ Chaziza 2021.

¹⁰ Bazanova, Kudelin and Semenova 2018, 72–74.

¹¹ Benabdallah 2018, 3-4.

¹² Al-Anani 2023.

¹³ Kandil 2012.

¹⁴ AFP 2012.

¹⁵ Chaziza 2021, 258.

2014, which emphasized strengthening political, economic, military, cultural and technological cooperation, as well as working together on the Belt and Road Initiative. This new comprehensive partnership between Cairo and Beijing was a step up compared to their “Strategic Partnership” agreement reached in 1999 in that the former also included the areas of political and military cooperation while the latter focused primarily on economic cooperation and cultural exchanges.¹⁶

This was followed by signing agreements between the two countries for 15 projects in the fields of electricity, transportation, industry, and expanding the port of Alexandria. The projects, worth \$10 billion, would be funded with loans from China and Chinese outward foreign direct investments (OFDI).¹⁷

After that, Egyptian–Sino cooperation witnessed significant growth in 2016, which coincided with the 60th anniversary of the establishment of diplomatic relations between the two countries. During the official visit of Chinese President Xi to Egypt in January, Cairo and Beijing agreed on more detailed plans to enhance bilateral cooperation over the next five years in the “Five-Year Implementation Program of the People’s Republic of China and the Arab Republic of Egypt on Strengthening the Comprehensive Strategic Partnership.”¹⁸ This program provided the institutional framework for signing agreements worth \$15 billion to establish projects in the fields of energy, infrastructure, and space, in addition to providing \$1.7 billion in loans to Egyptian financial institutions.¹⁹

In 2023, Egypt’s relations with China witnessed many positive developments, most notably invitations for Egypt to join the BRICS group,²⁰ which Cairo hopes will ease its shortage of foreign currency and attract new investments, as well as to join the New Development Bank of the BRICS.²¹ These developments resulted in Egypt signing the first debt swap for development agreement of its kind with the Chinese side,²² and signing an MOU related to China’s Global Development Initiative (GDI) in July 2023, according to which both countries are working to develop the first strategy of its kind for development cooperation, and Egypt has been scheduled to host the next GDI meeting in 2024.²³

Egypt’s growing relationship with China in the last decade has been enhanced by the heavy investments China has made in several projects that are directly connected to the BRI. For example, the Suez Economic and Trade Cooperation Zone (SETC-Zone), set up in 2008, has become a major project of the BRI given its logistical infrastructure and location. China has also become the largest investor in this region,

through the Tianjin Economic-Technological Development Area (TEDA), which includes about 102 Chinese companies, with an investment value of about \$1.2 billion. TEDA has provided about 30 thousand new jobs and more than \$2.5 billion in sales, according to the National Development and Reform Commission of China.²⁴

In addition, railways are another important facet of the Egypt–China BRI cooperation. Chinese railways activity in Egypt is extensive and includes a 2014 MOU between Aviation Industry Corporation of China (AVIC) and Egypt’s Ministry of Transportation to develop an 80 km electric railway connecting Cairo, Egypt’s New Administrative Capital, and various districts of greater Cairo.²⁵ In 2016, Egypt also signed another MOU with China Railway Construction Corporation (CRCC) to construct Cairo’s sixth metro line, which will be 30 km and cost \$3.5 billion.²⁶ In 2020, a Chinese-led consortium was awarded the high-speed rail project that will link Egyptian cities of Ain Sokhna and Alamein. This project, which passes through the cities of 6th of October, Borg El Arab, and Alexandria, will be about 543 kilometers long at a cost of \$9 billion.²⁷

Moreover, energy projects are another significant facet of Egypt–China BRI cooperation, something Egypt values given its target of becoming a regional energy hub and desire to industrialize. In 2017, Cairo signed an agreement with Beijing for a \$1 billion project to boost the capacity of the electricity local grid as a part of the second phase of Egypt’s electricity grid project.²⁸ Egypt is also working with various Chinese firms in the solar energy market. For example, Chinese solar energy company Yingli Solar participated in the construction of the Benban Solar Park in Aswan Governorate in southern Egypt, which is the largest solar power park in the world.²⁹ Also, the Egyptian Nuclear Power Plant Authority and the China National Nuclear Corporation signed, in 2020, a MOU for cooperation in the field of nuclear energy.³⁰ In addition, China’s Sinohydro Corporation has begun building a major hydroelectric power station using pumping and storage technology in Mount Ataqa in the Suez Governorate, with a total investment of \$2.6 billion. The station will be the largest in Africa and the Middle East and the fourth in the world in terms of production capacity, with a capacity of 2,400 megawatts.³¹ In 2023, China’s state-owned China Energy announced its intention to establish a green hydrogen plant in the Suez Canal Economic Zone (SCZone), worth \$6.75 billion. This plant is scheduled to annually produce about 1.2 million tons of green ammonia and 210 thousand tons of green hydrogen.³² Furthermore, China has also become the biggest

¹⁶ For an overview on China’s bilateral partnerships, see Li & Ye 2019, Fulton 2019.

¹⁷ Chaziza 2021, 258-259.

¹⁸ Selim and Moaaz 2021, 357.

¹⁹ Selim and Moaaz 2021, 259.

²⁰ State Information Services 2023.

²¹ Gamal 2023.

²² Asharq Al Awsat 2023.

²³ Ministry of International Cooperation 2023.

²⁴ Al-Anani 2023.

²⁵ Aggour 2014.

²⁶ Ahramonline 2016.

²⁷ Africa Surveyors News 2020.

²⁸ Egypt Today 2017.

²⁹ Chaziza 2021, 266.

³⁰ Chaziza 2021, 266.

³¹ Selim and Moaaz 2021, 360.

³² Enterprise 2023.

foreign investor in Egypt's New Administrative Capital. In 2016, the China State Construction Engineering Corporation (CSCEC), for example, obtained the contract for building the new capital's central business zone.³³

As a result of this long and profound relationship between Egypt and China, many bilateral links have experienced significant growth in recent years in many areas, such as:

First, Beijing became Cairo's largest trading partner, with bilateral trade reaching \$16.25 billion in 2022, according to data from the Central Agency for Public Mobilization and Statistics. The volume of Egypt's imports from China amounted to \$14.4 billion, while the volume of Egyptian exports to China amounted to about \$1.85 billion. As a result, "China has become Egypt's largest trading partner for eight successive years."³⁴

Secondly, Beijing has emerged as one of Egypt's most important financial partners over the last decade. On the one hand, China has become Cairo's fourth-largest creditor, after its debts amounted to nearly \$8 billion, which represents about 5% of Egypt's total external debt of \$155.7 billion.³⁵ Beijing was also part of Cairo's January 2023 IMF deal, in which the China Development Bank and the Beijing-dominated Asian Infrastructure Investment Bank (AIIB) contributed a total of \$1.4 billion.³⁶ In addition, China also welcomed Egypt's accession to the financing institutions of the international groups associated with the BRI, such as the BRICS' financial organizations, the New Development Bank, and the BRICS Contingent Reserve Arrangement.³⁷ Furthermore, the People's Bank of China (PBOC) and the Central Bank of Egypt (CBE) also signed an agreement in 2016 on a local currency swap worth 18 billion Chinese yuan (\$2.6 billion) over the next three years.³⁸

Thirdly, Egypt became one of China's main FDI destinations in the MENA region. According to statistics from the Chinese Ministry of Commerce, the Chinese FDI in Egypt was estimated at about \$1.641 billion during 2022. They are concentrated in the manufacturing industries (fiberglass, household appliances, textiles, food industries and animal feed), oil and gas exploration, construction and the services sector.³⁹ The number of companies with Chinese shareholding in Egypt reached about 2,418, with an issued capital of \$1.1 billion as of May 31, 2023.⁴⁰

Fourthly, Egypt became the first country in the Middle East and Africa in issuing "panda" international bonds in the Chinese financial market, which are allocated to finance projects worth about 3.5 billion Chinese yuan, equivalent to \$500

million, according to data from the Information and Decision Support Center of the Council of Ministers. The annual return on these bonds is 3.5% for a period of three years, making them more competitive than dollar bond interest rates, in view of the global economic challenges.⁴¹

Fifthly, cultural links have expanded significantly. For example, a Confucius Institute was established in 2007 at Cairo University with the aim of supporting cultural exchanges and increasing the number of Egyptian learners of Chinese language. In addition, a wide range of training and capacity building programs have been provided by the Chinese government to high ranking administrative and executive staff throughout Egypt, especially in the fields of health care, technical education, e-commerce, agriculture, modern irrigation, city planning, and energy transition. Moreover, programs organized for Egyptians to obtain master's and doctoral degrees from Chinese universities and educational institutions have also increased. Further, Beijing and Cairo have been active in developing a wide-ranging network of relations between major think tanks and political parties, by holding various conferences and events.⁴²

Sixthly, security and military cooperation has also increased continuously over the past decade, especially that related to combating terrorism and extremist ideology. The high-level official meetings also showed growing interest from both sides to transfer and exchange military expertise, increase aspects of joint military cooperation in the fields of armaments, notably in air defense systems, missile systems, and fighting jets, as well as holding joint military exercises.⁴³ In this context, the Egyptian and Chinese naval forces launched joint military exercises in the Mediterranean Sea in August 2019. These maneuvers included preparing and planning to carry out combat activities at sea and other activities.⁴⁴ Moreover, Cairo and Beijing promoted their cooperation related to satellites and space science. In December 2023, the two countries successfully launched a jointly developed and assembled satellite. This satellite is the first Egyptian-made satellite, achieved by receiving Chinese financial support, amounting to about \$72 million. This satellite will be used to collect information, especially related to monitoring climate change, desertification, and land degradation, as well as supporting the sustainable development goals of the Egyptian state in various fields, such as agriculture, mining and water management.⁴⁵

³³ Selim and Moaaz 2021, 359.

³⁴ Maher and Farid 2023.

³⁵ Al-Anani 2023.

³⁶ Ibid.

³⁷ Interesse 2022.

³⁸ Ibid.

³⁹ Mostafa 2023.

⁴⁰ Maher and Farid. 2023.

⁴¹ Daily News Egypt 2023.

⁴² Maher and Farid 2023.

⁴³ arabic.people.com 2019.

⁴⁴ Daily News Egypt 2019.

⁴⁵ Liam 2023.

DOMINANT NARRATIVES

Egypt sees relations with China as mutually beneficial and likely to help Cairo to achieve its national interests from economic and strategic perspectives. Since February 2016, Egypt has adopted comprehensive reforms implemented within the framework of “Egypt’s Vision 2030”, which is a long-term strategic plan, launched by the Egyptian government to achieve eight main national goals by 2030 that are in line with the United Nations Sustainable Development Goals (SDGs) and the Sustainable Development Strategy for Africa 2063. It has also adopted several social programs such as “Decent Life” initiative, aimed at reducing poverty and providing a better life for the most vulnerable groups in Egypt, especially those living in Egypt’s poorest villages by providing health services and creating job opportunities. In this context, cooperation with China is considered to likely contribute significantly to the successful implementation of such initiatives and programs. Egypt sees the BRI as a pathway to obtain badly needed capital, boost its economy and infrastructure, and gain valuable political benefits.⁴⁶ In addition, the negative repercussions of the Russian-Ukrainian war, especially on food security and energy, have served to reinforce the importance of “diversifying allies” in order to strengthen stability at home. For example, Cairo hopes to ease pressures on its hard currency reserves if the US dollar is replaced by an alternative of several national currencies used in mutual settlements.⁴⁷ Moreover, the attractiveness of development cooperation with China has increased, from the Egyptian perspective, due to Beijing’s preference not to impose political conditions on its partner countries. This attitude has provided Cairo with a convenient developmental framework in contrast to the “political conditionality” that Washington and its Western allies adhere to in order to provide financial aid to achieve economic development, especially with regard to the Western values related to human rights.⁴⁸ Similarly, Cairo’s quest for BRICS+ membership can especially be seen in the context of the difficult economic situation in Egypt and heavy financial indebtedness particularly toward Western donors. Besides shifting some of the financial burden, the accession also represents Cairo’s hope to curry favor with China.⁴⁹

Strategically, China has also emerged as an attractive political partner for Egypt on several main grounds. First, China’s pragmatic view on their mutual partnership has allowed Cairo to expand its ties with Beijing without giving up much of its freedom of movement internationally. Sharing common principles of non-intervention, respect for sovereignty and no use of force between both countries has made them both fierce opponents of external powers interfering in the internal affairs of states. The Chinese position towards the 2011 and 2013 uprisings was also appreciated and respected by Egypt. Beijing remained far from interfering in Egypt’s internal affairs, respected the political outcomes, and was even quick to provide its material and moral support to Egypt to assert its sovereignty.⁵⁰

Secondly, Egypt and China have been extensively involved in combating what they deem as extremist groups and that they consider as one of the main threats to their national security. They are especially concerned about possible cooperation between these groups in Egypt and Islamist-oriented separatist movements in China.⁵¹

Thirdly, Egypt’s close relationship with China is also being seen as part of the government’s push to engage the “Global South”. In this context, Beijing will not replace Washington because China cannot, and does not want, to seize the US role as the largest and dominant military power in the Middle East. Rather, for Egypt, China’s rising geopolitical role may help in resolving some conflicts and disputes that Washington could not deal with in recent years (the best example of this is the rapprochement between Saudi Arabia and Iran, which also entailed positive effects e.g. for the formerly strained relationship of Egypt with Iran).⁵² As the Egyptian political science professor Amr Hamzawy points out, it would be more beneficial for security and stability in the region if the US and other countries reviewed their priorities and sought to cooperate with Beijing in the MENA region instead of seeing China as a threat.⁵³ Egypt’s move to join BRICS+ goes into the same direction, in view of the difficult econom-

⁴⁶ Al-Anani 2023.

⁴⁷ Rajab 2023.

⁴⁸ Selim and Moaaz 2021, 356.

⁴⁹ Monastiriakos 2023.

⁵⁰ Selim and Moaaz 2021, 356.

⁵¹ State Information Services 2022.

⁵² Cf. AP 2023.

⁵³ Hamzawy 2023.

ic situation of Egypt, and it gains from broader international economic support as well as a closer relationship with China. In contrast, Egypt's BRICS+ membership may hardly represent a threat to its partnership with the US given the largely economic focus of BRICS+ as well as its loose internal organization (no charter nor secretariat) and substantial internal differences among BRICS+ members, including conflicting interests and political stances.⁵⁴

However, not all Egyptians agree that strong relations with China will likely help Cairo to achieve its national interests from economic and strategic perspectives in the coming years. In this regard, several arguments have been put forward, such as:

First, there are a number of political and economic obstacles that might hinder Cairo's growing relations with Beijing, such as the severe economic crisis in Egypt, represented by heavy external debt, the collapse of the Egyptian pound, unprecedented inflation, and a chronic trade deficit, which delay or prevent the realization of the BRI projects in Egypt. Moreover, the Egyptian–Chinese strategic partnership may also face an important challenge as a result of the potential worsening Egyptian debt crisis, which will likely emerge as a result of increasing Chinese loans under the umbrella of the Belt and Road Initiative.⁵⁵

Secondly, Egypt's strategic relations with China will likely to be contained within the context of Egypt's strong partnership with the US. Political leaders in Cairo have been keen to maintain strong relations with Washington, the world's sole superpower in the post-Cold War era. Considering this, any attempt from Cairo to strengthen its bilateral, strategic and military relations with Beijing may be viewed by Washington as "fraternization with the enemy". This assessment is enhanced after the US National Defense Strategy identified China as the greatest threat to US national security interests.⁵⁶ In this vein, for the US, Cairo increasing military cooperation with China but also with others in arms trades runs the risk of undermining US influence, with potential detrimental effects for US security interests in Egypt and the region, and also counteracting the substantial \$1.3 billion in US financial assistance to Egypt annually, intended for purchasing US military equipment.⁵⁷ These concerns would add to a US–Egypt relationship that has already been fraught over the past decade with disputes on human rights, political liberties and corruption, despite Egypt being a "Major Non-NATO Ally" all the while.⁵⁸

However, despite extending its activity in the region, China takes great care not to confront the US and its influence too openly. Beijing seems keen not to "provoke" or "challenge" the US in the MENA region, within the framework of its "qui-

et diplomacy" and its efforts to prolong the period of peace with the West, and thus not to jeopardize its economic rise. The result is that the prospects for building Egyptian–Sino strategic and military cooperation in the foreseeable future appear to be very limited.⁵⁹

Thirdly, Egypt's view of the role of the US-led coalition system in achieving stability and security in the MENA region appears different than that of China. While Egypt views this system as a main pillar for achieving security and stability in this region, China views it negatively and even sees it as a means of maintaining the US's hegemony. In its Global Security Initiative (GSI), China viewed the US-led alliance system as somewhat outdated, serving the purpose of maintaining and justifying US hegemony and creating imagined threats and enemies. In this context, Egypt may feel uncomfortable if Beijing seeks to challenge the US-led coalition system in MENA region, which has largely contributed to providing a stable and strong foundation for maintaining regional geopolitical stability for decades, despite the US continued support of Israel. According to this view, Beijing is unlikely to play the same primordial role in maintaining peace and stability in the MENA region, as Washington has done in the past.⁶⁰ For example, although China was active in its criticism of the US during the recent Israeli war in Gaza, it was not keen on promoting itself as an alternative to the latter. Given this, Beijing may aim to expel Washington from the MENA region, but it is not necessarily keen to bear the burdens that the latter bore before. At the same time, even without assuming a role in Egypt and the region comparable to that which the US has now, Chinese influence and the substantial potential economic costs if Cairo withdrew from their partnership are perilous to Egypt, as they create a risk of over-dependency, as pointed out by Mohamed Farid, Liberal Party member of the Egyptian Senate, and Mohamed Maher. With Egypt discouraged from distancing itself from China despite its close partnership with the US, Beijing might go on to "open a new front" against the US in the Middle East, while Washington is focused on defending its interests in Asia. Form and dynamic of the Chinese–Egyptian relationship therefore shape and limit both Cairo's partnership with the US and the room it has to maneuver in foreign policy.⁶¹

⁵⁴ Monastiriakos 2023.

⁵⁵ Selim and Moaz 2021, 364.

⁵⁶ Kandil 2018.

⁵⁷ Bowman, Thompson and Brobst 2021.

⁵⁸ Khamis 2021; Jahshan 2023.

⁵⁹ Kandil 2018.

⁶⁰ Kandil 2020.

⁶¹ Maher and Farid 2023.

CHALLENGES AND CHANCES

Egypt sees much potential in expanding on a strong partnership with China. A solid partnership with China fits with Egypt's desire to forge a developmental economic policy based on the synergy between Egypt's Vision 2030 and China's Belt and Road Initiative (BRI). In addition, Cairo sees a huge potential for cooperation with Beijing in fields like trade, energy, minerals, transportation, port logistics, and aerospace science and technology. Moreover, Egypt also considers Chinese foreign direct investment (FDI) and funding as very attractive since it lacks the demanding conditions and "political conditionality" often associated with the Western loans and FDI. Recently, more chances for enhanced cooperation appeared after issuing "panda" international bonds in the Chinese financial market, which are allocated to finance projects worth 500 million US dollars.

On the other hand, however, China may become less relevant for Egypt in responding to certain national security threats of particular importance to Cairo, such as the current war in Gaza, and others. Despite its growing financial and economic ties with regional actors, Beijing will most likely continue to avoid direct military intervention in the conflicts in the MENA region, as long as it is able to secure its regional economic interests with minimal security involvement, and thus it will most likely leave the regional security burden to be borne by the US.⁶² However, recent developments in the global strategic environments and the MENA region suggest that China's growing economic interests in the Middle East region will, sooner or later, push it to play a more important role in regional security arrangements. As the volume of Chinese trade and investments with countries in the region increases, it will become necessary for Beijing to work to protect these interests against potential sources of instability that may obstruct maritime lines of communication or undermine its material investments. This indicates that China will soon have no choice but to deepen its security and military intervention in this region to protect its enormous economic interests.

If this scenario took place, Egyptian security interests might be ignored by Beijing in any Chinese-led regional security arrangements in the context of its deep strategic ties with Egypt's regional rivals, mainly Ethiopia and Türkiye. For exam-

ple, Beijing has a controversial role, from an Egyptian perspective, in the Egyptian–Ethiopian conflict over the "Renaissance Dam" project. Although Cairo sees the project as a fundamental threat to its water security, China has developed a significant stake in the project by providing financial and technological support for its construction. In addition, China's cautious neutrality regarding the Egyptian–Turkish conflicts over Libya and gas fields in the eastern Mediterranean region is another example of Beijing's lack of concern for Egyptian interests. In both conflicts, Beijing did not show any interest in leading mediation efforts between Cairo and these two countries and/or coordinating its policies with Egypt. Instead, China preferred to take the back seat and allowed other great powers to take the lead in mediating and de-escalating the two conflicts.⁶³ In this context, the direction of the Egyptian–Sino strategic partnership in the future will most likely depend on several factors, including Egypt's acceptance of any expansion of the Chinese security role as well as the resulting new patterns of security alliances in the region.⁶⁴ As long as an alternative security arrangement that contributes positively to stability and conflict management – possibly with a stronger role for China – is not in place, Egypt will likely observe with concern any change in the present US-led regional security architecture and if the US pivots away from the MENA region, in apprehension of a power vacuum and emerging instability.

⁶² Selim and Moaaz 2021, 362.

⁶³ Selim and Moaaz 2021, 361.

⁶⁴ Selim and Moaaz 2021, 362.

CONCLUSION

This article explored Egypt's views of China. It began with an overview of Egypt's historical relationship with China, focusing on the contemporary period. It then turned to an examination of Egypt's trade, FDI, debt, and other links with China. Following this, it discussed the dominant narratives about China in Egypt among policy-makers and thought leaders, which largely center on discourses of the economic benefit of cooperation. There are two clear discourses in Egypt regarding the future relations with China.

The first one is a very pro-China discourse. Supporters of this discourse are in favor of strengthening relations with Beijing because they believe that these relations are profitable for both sides and that they are likely to help Cairo achieve its national interests from an economic and strategic perspective, especially with the fact that the two states have common values such as emphasizing non-interference in the other state's internal affairs, respecting sovereignty and not using force in resolving disputes. They also add that strengthening Egyptian–Sino relations would likely enhance the role of the countries of the “Global South”, and consequently would help resolve some international conflicts and challenges that Washington has been unable to deal with in recent years. The second dominant discourse in Egypt regarding the future relations with China is more critical. Its supporters doubt that Egypt will benefit from strengthening its relations with China. Instead, according to them, Egypt may suffer economically because of increasing Chinese loans under the umbrella of the Belt and Road Initiative. They also add that any attempt by Cairo to strengthen its bilateral, strategic and military relations with Beijing may be viewed by the US as “fraternization with the enemy”. After that, it summarized the main chances and challenges facing Egypt's strategic partnership with China.

This article showed that the Egyptian–Sino comprehensive strategic partnership has emerged within the context of both actors' endeavors to create a framework of bilateral cooperation for mutual benefit. It also suggests that this partnership is progressing, though not to the extent and not with the speed that many dramatic headlines imply. It further shows that this partnership is shaped by several factors in different ways, including China's low profile in security issues. The latter allows Cairo to forge its cooperation with China without outright alienating the US and risking Egypt's close relationship with Washington.

However, it can be expected that the US–Egyptian partnership is not set to last forever, as from the view of Cairo “there are no permanent enemies, and no permanent friends, only permanent interests”. Egypt is setting its foreign policy to achieve its national interests. Therefore, Egypt has been keen to strengthen economic cooperation with China to achieve its economic development, and with an eye to a future with greater Chinese power and influence in the MENA region, especially since it launched the BRI in 2013. This coincided with another view from the Egyptian leaders that the US was suffering from “fatigue” in this region and was pivoting to Asia to confront China's rise. In this scenario, Cairo has preferred to follow a hedging strategy designed to diversify its extra-regional power partnerships while maintaining a good balance in its relationship with the two sides (American and Chinese). This balance might also be a good lesson that Egypt learned from the Cold War era, where it benefitted from its non-aligned position.

With the expectation that the MENA region will likely be one of the hot arenas, as part of Washington's and Beijing's efforts to rally allies and friends in a united front to confront the other party, Egypt and Germany should cooperate in de-escalation efforts in this troubled region, as well as in managing the increased world geopolitical and geostrategic competition between the US and China. As for the purpose of achieving peace, stability and development in the MENA region, it is best not to view the expansion of the Chinese role as “a threat”. Rather, we should consider China's rising geopolitical role as an “opportunity” to create new areas for regional cooperation (such as in the fields of energy and dealing with climate change), and it may also help resolve some conflicts and disputes (the best example of this is the rapprochement between Saudi Arabia and Iran) or through joint mediation to contain security threats and trade crises.

REFERENCES

- Abadi, Jacob.** 1998. "The Sino-Indian Conflict of 1962 – A Test Case for India's Policy of Non-Alignment." *Journal of Third World Studies* 15, no. 2: 11-29.
- AFP.** 2012. "Egypt President Morsi Visits China Seeking Investment." *ahramonline*. August 28. <https://english.ahram.org.eg/NewsContent/3/12/51452/Business/Economy/Egypt-President-Morsi-visits-China-seeking-investm.aspx>, accessed December 12, 2023.
- . 2015. "Egypt Enters into Initial Deal for 15 Projects Worth \$10 Bln with China: Minister." June 16. At <https://english.ahram.org.eg/NewsContent/3/132901/Business/Egypt-enters-into-initial-deal-for-projects-worth.aspx>, accessed December 12, 2023.
- Africa Surveyors News.** 2020. "Chinese-Led Consortium Awarded High-Speed Rail Project in Egypt." September 17. <https://www.africasurveyorsonline.com/2020/09/17/chinese-led-consortium-awarded-high-speed-rail-project-in-egypt/>, accessed December 12, 2023.
- Aggour, Sara.** 2014. "Ministry of Transportation Signs \$800m MOU with China for Railway Project." *Daily News Egypt*. April 5. At <https://www.dailynewsegypt.com/2014/04/05/ministry-transportation-signs-800m-mou-china-railway-project/>, accessed December 12, 2023.
- ahramonline.** 2016. "Egypt Signs MOU with Chinese Company to Construct Sixth Metro Line." January 1. <https://english.ahram.org.eg/News/179880.aspx>, accessed December 12, 2023.
- Al-Anani, Khalil.** 2023. "Egypt's Strategic Partnership with China: Opportunities and Implications." *Arab Center Washington DC (ACW)*. January 27. At <https://arabcenterdc.org/resource/egypts-strategic-partnership-with-china-opportunities-and-implications/>, accessed December 12, 2023.
- AP.** 2023. "Iran's Khamenei welcomes better ties with Egypt." *Arab News*. May 29. At <https://www.arabnews.com/node/2312166/middle-east>, accessed April 23, 2024.
- arabic.people.com.** 2019. "Alsiyn wa Misr Tueazizan Altaeawun Al-difaeia" [China and Egypt Enhance Defense Cooperation]. March 26. At <http://arabic.people.com.cn/n3/2019/0326/c31660-9560535.html>, accessed January 7, 2024.
- Asharq Al Awsat.** 2023. "Egypt, China Sign Debt Swapping MOU." October 20. At <https://english.aawsat.com/business/4616771-egypt-china-sign-debt-swapping-mou>, accessed December 12, 2023.
- Bazanova, Elena Alekseevna, Andrey Kudelin and Elisaveta Isaevna Semenova.** 2018. "China-Egypt Bilateral Relations under Mubarak (1981–2011)." *RUDN Journal of World History* 10, no.1: 72–74. At https://www.researchgate.net/publication/326073267_CHINA_-_EGYPT_BILATERAL_RELATIONS_UNDER_MUBARAK_1981-2011, accessed December 12, 2023.
- Benabdallah, Lina.** 2018. "China's Relations with Africa and the Arab World: Shared Trends, Different Priorities." *Policy Insights*. November 1: 3-4. At <https://www.jstor.org/stable/resrep25989>, accessed December 12, 2023.
- Bowman, Bradley, Jared Thompson and Ryan Brobst.** 2021. "Egypt's transition away from American weapons is a national security issue." Commentary, *DefenseNews*. May 25. At <https://www.defensenews.com/opinion/commentary/2021/05/25/egypts-transition-away-from-american-weapons-is-a-national-security-issue/>, accessed September 22, 2024.
- Chaziza, Mordechai.** 2021. "Egypt in China's Maritime Silk Road Initiative: Relations Cannot Surmount Realities." In Jean-Marc F. Blanchard, ed., *China's Maritime Silk Road Initiative, Africa, and the Middle East: Feats, Freezes, and Failures*, Basingstoke, UK: Palgrave Macmillan.
- Daily News Egypt.** 2019. "Egypt and China launch joint military drills." August 22. At <https://www.dailynewsegypt.com/2019/08/22/egypt-and-china-launch-joint-military-drills/>, accessed January 7, 2024.
- . 2023. "Egypt Becomes First in Region to Issue Sustainable Panda Bonds Worth \$500m." October 16. At <https://www.dailynewsegypt.com/2023/10/16/egypt-becomes-first-in-region-to-issue-sustainable-panda-bonds-worth-500m/>, accessed December 12, 2023.
- Egypt Today.** 2017. "Egypt, China Sign Second Phase of Grid-Power Agreement." September 4. At <https://www.egypttoday.com/Article/1/21070/Egypt-China-sign-second-phase-of-grid-power-agreement>, accessed December 12, 2023.
- El-Shinawy, Marwa.** 2022. "Prospects of Egyptian Chinese Relations and the Multipolar World." *Daily News Egypt*. December 17. At <https://www.dailynewsegypt.com/2022/12/14/opinion-prospects-of-egyptian-chinese-relations-and-the-multipolar-world/>, accessed December 12, 2023.
- El-Houseiny, Wafasa.** 2023. "Egypt the African Gate for China's Transit." *Nasser Youth Movements*. October 12. At <https://nasseryouthmovement.net/Egypt-the-African-Gate-for-China%E2%80%99s-Transit>, accessed December 12, 2023.
- Enterprise.** 2023. "Egypt, China Sign USD 15.5 Bn Worth of Energy, Manufacturing Agreements." October 18. At <https://enterprise.news/news/story/4c54bfd4-d4fc-43ff-8bed-bbaf36445938>, accessed December 12, 2023.
- Fulton, Jonathan.** 2019. *China's Changing Role in the Middle East*. Atlantic Council. Rafik Hariri Center for the Middle East. June 2019. At https://www.atlanticcouncil.org/wp-content/uploads/2019/06/Chinas_Changing_Role_in_the_Middle_East.pdf, accessed April 23, 2024.
- Gamal, Aya.** 2023. "Egypt Joins BRICS' New Development Bank." *ahramonline*. March 30. At <https://english.ahram.org.eg/NewsContent/3/12/492782/Business/Economy/Egypt-joins-BRICS%E2%80%99-New-Development-Bank.aspx#:~:text=Aya%20Gamal,%20Thursday%2030%20Mar,Egypt%20to%20join%20the%20bank,%20/>, accessed December 12, 2023.
- Hamzawy, Amr.** 2023. "Takalub Alqiwa Alkubraa Ealaa Alsharq Al'awsat .. Nazrat Hadia" [The Major Powers' Attack on the Middle East... A Calm Outlook.]. *Al-Shorouk newspaper*. July 21. At <https://www.shorouknews.com/columns/view.aspx?cdate=21072023&id=3f-24ba9a-160a-4a43-a352-07b9a2df797b>, accessed December 12, 2023.
- Hilal, Ali El-Din.** 2021. "Alealaqat Almisriat Alsiyniat Bayn Almadi Wal-mostqbl" [Egyptian-Chinese Relations Between the Past and the Future]. *Al-Ahram newspaper*. May 16.
- Hinnebusch, Raymond and Nael Shama.** 2014. "The Foreign Policy of Egypt." In Raymond Hinnebusch and Anoushiravan Ehteshami, eds., *The Foreign Policies of Middle East States*. Boulder, CO, USA: Lynne Rienner Publishers, pp. 75-104.
- Interesse, Giulia.** 2022. "China-Egypt Bilateral Trade and Investment Prospects." *China Briefing*. September 5. At <https://www.china-briefing.com/news/china-egypt-bilateral-trade-and-investment-prospects-are-bright/>, accessed December 12, 2023.
- Jahshan, Khalil.** 2023. "The Menendez Fiasco: Implications for US-Egyptian Relations." *Arab Center Washington DC*. December 2. At <https://arabcenterdc.org/resource/the-menendez-fiasco-implications-for-us-egyptian-relations/>, accessed June 26, 2024.
- Kandil, Ahmed.** 2012. "China and the "Arab Spring": A New Player in the Middle East?" *Policy Brief*. July 5. At <https://www.iemed.org/publication/china-and-the-arab-spring-a-new-player-in-the-middle-east/>, accessed December 12, 2023.
- . 2018. "Aistierad Aleadalat: Altawajuhat Alhakimat Lisiasat Alsiyn Aleaskariati", [Showing Muscles: The Governing Directions of China's Military Policy.] *Arab Strategic Report 2017*. Cairo: Al-Ahram Center for Political and Strategic Studies: 43 - 55.
- . 2020. "Abead Tanami Alhudur Aleaskarii Alsiynii Fi 2019", [Dimensions of the Growing Chinese Military Presence in 2019.] *Arab Strategic Report 2019*. Cairo: Al-Ahram Center for Political and Strategic Studies: 21 - 25.
- Khamis, Sahar.** 2021. "Agreements and Tensions in US-Egyptian Relations." *Arab Center Washington DC*. December 2. At <https://arabcenterdc.org/resource/agreements-and-tensions-in-us-egyptian-relations/>, accessed June 26, 2024.

Liam, Darek. 2023. "China, Egypt launch first joint satellite project." *Military Africa*. December 12. At <https://www.military.africa/2023/12/china-egypt-launch-first-joint-satellite-project/>, accessed January 7, 2024.

Maher, Mohamed and Mohamed Farid. 2023. "The Growth of Chinese Influence in Egypt: Signs and Consequences." *Fikra Forum*. April 27. At <https://www.washingtoninstitute.org/policy-analysis/growth-chinese-influence-egypt-signs-and-consequences>, accessed December 12, 2023.

Ministry of International Cooperation. 2023. "The Minister of International Cooperation H.E. Dr. Rania A. Al-Mashat, Signed a Memorandum of Understanding titled "Global Development Initiative" with the Chinese Side to Develop an Integrated Strategy for Development Cooperation between Egypt and China for the 1st Time in Beijing." July 13. <https://moic.gov.eg/news/1105>, accessed December 12, 2023.

Monastiriakos, George. 2023. "The BRICS Is Not a Strategic Threat to the United States." Situation Reports. *Geopolitical Monitor*. September 7. At <https://www.geopoliticalmonitor.com/the-brics-is-not-a-strategic-threat-to-the-united-states/>, accessed June 26, 2024.

Mostafa, Sanaa. 2023. "Safir Alsiyn Bialqahirati: 1.64 Milyar Dular Qimmat Alaistithmarat Alsiyniat Almubashirat Fi Masra" [Chinese Ambassador in Cairo: \$1.64 billion, the Value of Direct Chinese Investments in Egypt]. *Dar Al Hilal*. February 20. At <https://darehhal.com/News/1607455.aspx>, accessed June 26, 2024.

Rajab, Hassan. 2023. "Misr Wa majmueat Albiriksi, Shirakat 'Aqwaa Li-mustaqbal 'Afdal [Egypt and BRICS, A Stronger Partnership for a Better Future]. *Al-Shaab daily newspaper online*. July 12. At <http://arabic.people.com.cn/n3/2023/0712/c31662-20043089.html>, accessed December 12, 2023.

Selim, Gamal M. and Rania S. Moaaz. 2021. "Sino-Egyptian Relations Post-2013: The Dynamics and Challenges of an Emerging Strategic Partnership." *Arab Studies Quarterly* 43, no. 4: 349-370. At <https://www.jstor.org/stable/10.13169/arabstudquar.43.4.0349>, accessed December 12, 2023.

State Information Services. 2022. "Misr Wa Elsiyn." [Egypt and China.] March 19. At <https://www.sis.gov.eg/Story/232357/%D9%85%D8%B5%D8%B1-%D9%88-%D8%A7%D9%84%D8%B5%D9%8A%D9%86?lang=ar>, accessed December 12, 2023.

———. 2023. "Egypt's Accession to BRICS Important." September 7. At <https://www.sis.gov.eg/Story/185629/Egypt's-accession-to-BRICS-important?lang=en-us>, accessed December 12, 2023.

Zhou, Yi. 2020. *Less Revolution, More Realpolitik: China's Foreign Policy in the Early and Middle 1970s*. Wilson Center. CWIHP Working Paper 93. At <https://www.wilsoncenter.org/publication/less-revolution-more-realpolitik-chinas-foreign-policy-early-and-middle-1970s>, accessed April 23, 2024.

ABOUT THE AUTHOR

Dr. Ahmed Kandil is Head of International Relations Unit and Head of Energy Studies Program at Al-Ahram Center for Political and Strategic Studies (ACPSS). He is also a fellow of the National Defense College, Nasser Higher Military Academy in Cairo. Dr. Kandil's research focuses on Asia (China - Japan - North Korea - the South China Sea) as well as on the nexus between geopolitics, domestic and local politics, and energy, among them energy markets, - policies and -policy-making. He has authored and supervised numerous publications on questions of energy and security in Egypt and the eastern Mediterranean, climate change and global energy markets. Dr. Kandil regularly expresses his views on international security and energy affairs in international media including Al-Ahram newspaper (Egypt), the BBC, al Arabiya and others. He received his M.A. in International Relations from International University of Japan (Niigata, Japan) and Ph.D. in Area Studies from Sophia University (Tokyo, Japan).

Dr. Ahmed Kandil has authored this paper in private capacity.

IMPRINT

Published by:

Friedrich-Ebert-Stiftung Project
Competence Center MENA Peace & Security
20 Stasandrou, Apt. 401
1060 Nicosia
Email: peace.mena@fes.de

Responsible for content and editing:
Marcus Schneider | Director | Project on Peace and Security
in the MENA Region

Contact/Order: peace.mena@fes.de

LAYOUT: Erifili Arapoglou - enArte

Commercial use of media published by the FES is not permitted without the consent of the FES. Publications by the FES may not be used for electioneering purposes.
©2024



PROFOUND, TRUSTED AND A “WIN-WIN” FORMULA?

How Egypt Views Its Relationship With China



Egypt's relationship with China has experienced significant growth in recent years, characterized by the rapid development of economic, political and cultural ties, centered on the synergy between Egypt's Vision 2030 and China's Belt and Road Initiative (BRI). In 2014, the cooperative relations between Egypt and China intensified in an unprecedented way, after Cairo and Beijing upgraded their bilateral relations to the level of a comprehensive strategic partnership, which provided a new framework for cooperation based on mutual benefit that corresponded to the strategic interests and needs of Egypt.



Like many other countries in the Middle East and North Africa region, Egypt is cautiously walking the tightrope between China and the US to maintain balanced relations between the two powers to achieve its national interests.

Egypt and Germany should cooperate in de-escalation efforts in the MENA region, as well as in managing the increased global geopolitical and geostrategic competition between the US and China. As for the purpose of achieving peace, stability and development in the MENA region, it may be wise to take advantage of the increasing Chinese role in this region and view



this role as an “opportunity” rather than a “threat”, especially since Beijing does not seem to be able, or even willing, to replace the U.S. as the largest and dominant military power in this region, at least for the moment. Rather, the reality of the current situation is that China's rising geopolitical role may create new areas for regional cooperation (such as in fields of energy and dealing with climate change). It may also help resolve some conflicts and disputes (the best example of this is the rapprochement between Saudi Arabia and Iran) or, through joint mediation, contain security threats and trade crises.

Further information on the topic can be found here:

<https://mena.fes.de/index.html>