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Egypt and China following Xi's visit

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In the course of the visit by Chinese President Xi Jinping to Egypt on January 20-22, 2016, Egypt and China announced a five-year, multi-sector cooperation agreement. This agreement injected substance into the “comprehensive strategic partnership” formed during President Abdel Fattah el-Sisi’s trips to China in December 2014 and September 2015. On a symbolic level, Egypt and China also declared 2016 as “the Egyptian-Chinese cultural year.”

The visit to Egypt was a highlight of Xi’s tour of the region, which began in Saudi Arabia and ended in Iran. From China’s perspective, this tour represented an attempt to strengthen Beijing’s clout in the Middle East, expand its economic activity, and reinforce its political standing at a time of regional views of the diminished United States apparent involvement in the Middle East, which has opened the theater to search new sources of strategic support. The tour reflected China’s increasing concern regarding the threat posed by the Islamic State, and its desire both to keep the threat far from its borders and join in the struggle against terrorism. This threat is fed primarily by the possible return to China of the thousands of Sunni Muslim volunteers from the isolationist Uyghur movement in the Xinjiang region, who left China to fight with the Islamic State in Syria and in Iraq. China views Egypt as a partner in the war against terrorism, given Egypt’s struggle against “Wilayat Sinaa” (the so called Islamic State province in the Sinai Peninsula), its role within the traditional Sunni camp, and its regional and international stature as a non-permanent member of the Security Council.

While for China the closer ties with Egypt bolster its longstanding policy in Africa, for Egypt, the “comprehensive strategic partnership” with China constitutes an interesting development from its traditional foreign policy. Under Mubarak, Cairo served as an anchor in the regional US-oriented Sunni axis; under el-Sisi, however, Cairo has cultivated a policy that varies its sources of strategic support. Notwithstanding its relations with Washington, Egypt is tightening its relations with Russia and China – two powers that challenge America’s international hegemony. Egypt also balances its

relationships with Turkey and Qatar – often tense due to these states’ support of the Muslim Brotherhood – yet has no qualms about confronting them, even in face of Washington’s endorsement (reflected, for example, in its opposition to the ceasefire arrangement between Israel and Hamas that Ankara and Doha proposed during Operation Protective Edge). Egypt even refuses to modify its policy to cater to the interests of Saudi Arabia, despite the fact that in recent years Riyadh has granted it generous and critical economic assistance. In recent months, the disputes between Egypt and Saudi Arabia have focused on a series of key regional issues, chief among them the Russian involvement in the war in Syria, the attitude toward Iran, and the civil war in Yemen.

Economic Implications

For Egypt, China constitutes an optimal strategic partner, as deeper ties serve its economic-security agenda. The cooperation with China suits Egypt’s desire to forge a sovereign foreign policy that proceeds on the basis of purely Egyptian interests and is not bound to international and regional axes. While the US aid brings with it expectations of democratic reforms, and reliance on Saudi Arabia incurs a defined regional orientation, cooperation with China is free of restrictions on Egyptian domestic and foreign policy. Just as the Chinese President moved easily among rival countries such as Saudi Arabia and Iran, so his Egyptian counterpart seeks maximum room to maneuver in order to extricate Egypt from its current economic crisis and security instability. It is no wonder that China was lauded by Ahmed El-Sayed al-Naggar, chairman of the Board of Directors of the Egyptian national daily newspaper *al-Ahram*, for creating a model for “international economic relations based on peaceful cooperation and exchanges of benefits without inclination towards hegemony of one country over others.”

Indeed, concrete economic interests are the primary considerations in the burgeoning relations between Egypt and China. China sees great potential in the Egyptian market of nearly 90 million consumers for increasing the volume of its exports, particularly in face of increasing production surpluses. Furthermore, the Suez Canal is an essential trade route for China, including in the framework of the One Belt One Road (OBOR) vision that aims to bridge China, Europe, and Africa through infrastructure, transportation, and communications.

For its part, Egypt is endeavoring to position itself as an attractive target for Chinese investments in industrial sectors, minerals, agriculture, fishing, tourism, and the automobile and shipbuilding industries. Chinese capital is crucial for Egypt’s economic growth and for creating jobs for the millions of unemployed, who are a threat to the regime’s stability. Among the declared achievements of Xi’s visit are the launch of 15 projects involving 100 Chinese companies, Chinese investments of \$15 billion, and 21 signed memoranda of understandings for cooperative ventures in the fields of electricity, trade, civil aviation, science and technology, communications, and aerospace. China also

undertook to provide \$180 million in assistance to Egypt, which is suffering from a severe shortage of foreign currency reserves, as well as two loans totaling \$1.7 billion, to strengthen small and medium-sized industries. The test of these declared agreements will of course be in their implementation.

The Chinese President’s visit allowed the Egyptian regime to announce economic achievements at a highly symbolic time – on the eve of the fifth anniversary of the “January 25 Revolution.” This year, the festive date was marred by concern about a renewed outbreak of protests and demonstrations against the regime, due to the young generation’s growing frustration with the political and economic situation in Egypt. An article in *al-Ahram* alleged that the Egyptian-Chinese summit extricated Egypt from “a foreign plot intended to instigate a civil war on Egyptian streets” on the anniversary of the revolution. Although this allegation sounds somewhat exaggerated, the fruits of the Chinese visit offered President el-Sisi a golden opportunity to instill hope for a better future among Egypt’s citizens and strengthen the legitimacy of his regime.

The Israeli Angle

For Israel, the deepening ties between Egypt and China have several potential implications. On the negative side, the Chinese President is liable to forge closer ties to Egypt and Arab countries by paying in “Israeli currency,” as it did in past decades. In an open letter to the Egyptian public as well as during his visit to the Arab League headquarters, Xi conveyed China’s unconditional support for “the establishment of an independent Palestinian state with full sovereignty based on the 1967 borders, with its capital in East Jerusalem.” Another disturbing issue relates to Egypt’s weakening affiliation with the United States, in favor of other sources of support.

On the positive side, Israel views in a favorable light any Egyptian-Chinese cooperation that will improve the economic-security reality in Egypt and contribute to stabilization of the country and the current regime. Furthermore, Egypt’s willingness to forge an independent foreign policy that focuses on its own national interests and lends less weight to historical collective intra-Arab inhibitions may open up new horizons for both Israel and Egypt. This can foster expanded bilateral cooperative ventures, and perhaps trilateral ones – with China – as well, based on shared economic interests.

Finally, the new partnership between Egypt and China constitutes a reminder of the dynamism that characterizes the current Middle East. Thus, for example, players in Israel advocating the advancement of the peace process with the Palestinians within the scope of regional architecture should review the viability of the traditional regional alliances, considering the emergence of new strategic alliances that do not adhere to the familiar regional paradigms. Even if these strategic alliances are not necessarily formed at the expense of old ones, they might be able to shape regional diplomacy that is multi-layered,

complex, and more diverse. Egypt is still a key member of the Sunni axis with ties to the United States, even if this axis is shakier than in the past. Insofar, Egypt is maintaining this affiliation in tandem with its ties to countries such as Russia and China; in the future, given certain economic and security interests, it is quite possible that Egypt will form additional relations that might challenge a pro-Western affiliation.

