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Egypt gains balance and leverage in China

By Chris Zambelis

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Occurring amid a groundswell of revolutionary activism in the Arab world, the fall of Egyptian president Hosni Mubarak in February 2011 heralded a new era for Egypt. Under Mubarak's authoritarian rule, Egypt embodied the paradigm of stability pursued by its longtime ally the United States in the Middle East. Mubarak's ouster, however, has redefined Egypt's geopolitics.

Previously suppressed political movements led by the Muslim Brotherhood and its affiliate Freedom and Justice Party (FJP) as well as an assortment of other Islamist currents now are chartering a new path for the country with a recalibration of Egyptian foreign policy assuming a top priority.

As a result, the decision by President Muhammed Morsi to travel to Beijing from August 28 - 30 on his inaugural state visit outside of the Middle East illustrates the central place China occupies in Egyptian strategy.

President Morsi is a leading member of the Muslim Brotherhood and Egypt's first democratically elected civilian leader after over six decades of military rule. Morsi was accompanied to China by a delegation of high-level ministers and dozens of businessmen. Discussions were held to expand economic and trade ties between Egypt and China and to enhance the state of bilateral Sino-Egyptian relations.

Morsi's itinerary also included meetings with his Chinese counterpart President Hu Jintao, Premier Wen Jiabao, China's future leader Vice President Xi Jinping and other ranking Chinese

officials to further cement what he described as the "strategic" relationship shared by Egypt and China.

Hailed as historic talks, these conversations also covered the rapidly evolving developments in the Middle East, including the crisis in Syria and other pertinent matters.

Egypt recalibrates

The importance of broadening the parameters of Egypt's relationship with China was reflected early on in Morsi's electoral platform. Just as important, the place of China in a Morsi-led Egypt must be seen in the larger context of the FJP's goal to diversify Egypt's foreign relations portfolio away from its strong orientation toward the United States.

Morsi repeatedly has expressed his intent to reassess the mechanics of Egypt-US relations to better reflect Egyptian national interests and the demands of the Egyptian public. This includes cultivating closer strategic-level interactions with China and other countries and regions that were largely neglected in previous years so as to maximize Egypt's standing in the international arena. Significantly, Morsi chose to visit Beijing over Washington to mark his first state visit outside of the Middle East.

Morsi highlighted what he referred to as Egypt's former role as a leader and its goal to recapture the diplomatic prestige it once commanded on the world stage. He also pointed to China's experience as a developing country that has catapulted itself successfully to the status of a global power as a model for Egypt to emulate: "We saw how - back in the early eighties - China imposed itself firmly on the international community, becoming a permanent member of the United Nations Security Council This deserves appreciation and consideration with an eye to learning from China's successes. [1]

Echoing a popular refrain in Sino-Egyptian public diplomacy, Morsi likened Egypt's ancient heritage with that of China's as a common bond that both countries share: "Egypt also boasts a great and old civilization and has a long history comparable to the Chinese civilization and glorious history". Morsi also described China as "a good brother, friend and partner" of Egypt and thanked China for its longtime friendship and support.

Both sides highlighted their achievements as leaders of the developing world and their shared principles of advocating for national sovereignty, independence and non-interference in the affairs of other nations. Hu reciprocated with his own expressions of goodwill and respect toward the Egyptian people and their aspirations to choose a political system and path of development that best suits them. Xi added that Egypt and China should commit to coordinate their efforts on issues of regional and international concern, adding that "[China] will always regard Egypt as a key, trustworthy cooperative partner".

Many observers downplay the role of foreign affairs in provoking the outburst of popular unrest that prompted the fall of Mubarak and other longstanding dictators in the Middle East. There is copious evidence that opposition to Egyptian foreign policy as it relates to a range of issues,

including Egypt's close ties with the United States and Israel, helped galvanize public opinion along with domestic social, political and economic grievances.

Most Egyptians deeply oppose US foreign policy in the Middle East and Egypt's perceived role in advancing what is widely seen as an imperial order designed to subjugate and control the Arab and Muslim worlds. [2]

The United States considers Egypt to be among its most important allies in the Middle East. The alliance between the United States and Egypt has served as a cornerstone toward achieving broader US aims in the Middle East. Turning a blind eye to the autocracy, corruption and abuses endured by Egyptians under the Mubarak regime, the United States has furnished Cairo with diplomatic, economic and military support over the years in exchange for Egypt's pro-US orientation.

This reality was not lost on Morsi in Beijing: "[Egypt] will progress and prosper with the hard work and free will of its people, in a climate quite different from anything it previously witnessed after the repressive corrupt regime has been removed."

With Egypt and much of the broader Arab world in a state of political turbulence, the United States continues to watch the evolution of post-Mubarak era politics with great trepidation. As Egypt struggles to consolidate its democratic transition, the foreign policy adopted by the FJP will likely reflect the populist and nationalist sentiments that more accurately reflect Egyptian public opinion.

To live up to its proclaimed democratic credentials, the FJP will need to hold itself accountable to Egyptians on matters involving Egypt-US relations. Similarly, Egyptians are also against the nature of Egypt's relationship with Israel, especially in the context of its enduring occupation of Palestinian land, as defined under the Camp David Accords. [3]

In contrast, many Egyptians tend to hold positive or benign views of China. Egypt and China issued a joint statement immediately following Morsi's visit affirming their mutual support for an independent Palestinian state and called for Palestinian participation in the United Nations and other international bodies.

While Morsi is eager to write a new chapter of Sino-Egyptian relations, it is important to keep in mind that a tradition of strong relations between Egypt and China dates back to the Cold War. Egypt and China both played important roles in the Non-Aligned Movement (NAM). Egypt was also the first Arab and African country to recognize the People's Republic of China (PRC) in 1956.

Egypt also has been a vocal supporter of the "One China" principle regarding the respective statuses of Taiwan and Tibet as defined by China ("Public Diplomacy in Sino-Egyptian Public Relations," China Brief, May 18, 2007). In this regard, Morsi's trip to China also was designed to reassure Beijing of post-revolutionary Egypt's intent to preserve the bilateral relationship that has been cultivated over decades.

Economic imperatives

Apart from realigning Cairo's foreign policy orientation, Morsi's visit to China was motivated, ultimately, by economic imperatives. According to presidential spokesman Yasser Ali, Morsi's trip to China was intended to "attract Chinese investment" (al-Arabiya [Dubai], August 27).

Now that it has assumed office, the fledgling FJP-led government is under pressure to quickly address Egypt's severe economic predicament. Egyptian society is beset with growing poverty, high-unemployment, rising food costs, fuel shortages and underdevelopment. Morsi also faces the daunting task of reassuring foreign investors that post-revolutionary Egypt is an attractive destination for capital.

The unrest that prompted the fall of the Mubarak regime and the residual instability witnessed during the transition period has deterred foreign investors from investing in Egypt. Major economic sectors such as tourism have also been brought to a virtual standstill.

To ease Chinese concerns, Morsi committed to providing investors with the necessary support to navigate the current climate in Egypt. Morsi also touted Egypt's ideal position to serve as a gateway to Africa and the Middle East for Chinese investment: "We want the Silk Road to return as a direct link between Egypt and China, as a radiant source of enlightenment and success ... We want to offer to China and Chinese investors logistics services needed to take large Chinese investment across Egypt and into Africa and North Africa."

While the volume of bilateral trade between Egypt and China continues to experience steady growth, Egypt believes that the current state of trade relations is nowhere near its potential. The volume of Sino-Egyptian trade reached US\$8.8 billion in 2011, an increase from \$7 billion in 2010. Significantly, both sides agreed to help boost Egypt's share of the trade balance to China.

The balance of trade between Egypt and China heavily favors Beijing: in 2011, China exported \$7.2 billion worth of goods to Egypt while Egypt shipped \$1.6 billion worth of items to China. There is also a geopolitical component to Egypt's pursuit of more Chinese investment. Egypt relies on an annual aid package of \$1.5 billion from the United States, with about \$1.3 billion earmarked for the military. Egypt also has requested \$4.8 billion in low interest loans from the International Monetary Fund (IMF) and is negotiating with the United States for \$1 billion in debt relief.

An injection of Chinese capital in the Egyptian economy during this critical period can help strengthen Egypt's economic position, thereby allowing it to diversify its sources of hard currency and revenue. An increase in Chinese investment also can boost Egypt's negotiating leverage with the United States and IMF as well as other potential sources of finance.

By all accounts, the outcome of Morsi's visit to China proved to be fruitful for both sides. Egypt and China signed seven major agreements paving the way for Chinese investors to construct a power station in Upper Egypt, a desalination facility and industrial bakeries. Beijing also will

invest to expand Egypt's Internet infrastructure. The two sides also discussed the possibility of constructing a high-speed rail line connecting Cairo and Alexandria.

Scheduled to coincide with Morsi's visit, a two-day session of the Egypt-China Economic and Business Forum in Beijing was also organized. The session was presided over by Egyptian Minister of Investment Osama Saleh and included 80 Egyptian businessmen representing the construction, infrastructure, tourism, petrochemicals, textiles and pharmaceuticals sectors along with the representatives of over 200 Chinese concerns.

Overall, the value of the numerous investment deals and joint ventures between Egyptian and Chinese firms concluded during Morsi's visit is estimated to be \$4.9 billion. Egypt and China also agreed to expand cultural contacts and boost tourism in both countries. Both sides also committed to cooperate more closely in areas such as science and technology, education and agriculture.

China currently represents Egypt's 25th largest source of foreign investment. Both sides committed to increasing China's presence in the Egyptian economy.

Conclusion

Morsi's visit to Beijing yielded tangible results for both Egypt and China. Just as important, Morsi's decision to choose Beijing as his first state visit outside of the Middle East as opposed to Washington reveals a great deal about China's role in the Middle East and the shifting geopolitical landscape in the region.

Egypt remains closely tied to the United States on many levels. At the same time, the fall of the Mubarak regime and the opening of Egypt's political space after decades of autocracy have empowered political and social forces and large segments of public opinion to make their voices heard on issues related to Egyptian foreign policy.

Considering the legacy of US-Egypt relations and the expressed objectives of the Morsi government to reinvent Egypt's foreign policy, China is well positioned to reap significant gains.

Notes:

1. The People's Republic of China (PRC) assumed the position of permanent member of the United Nations Security Council from the Republic of China (ROC) in 1971.
2. According to a May 4 - 12, 2012, Egypt Presidential Election Poll conducted by the Anwar Sadat Chair for Peace Development at the University of Maryland, 68% of Egyptians polled held "very unfavorable" opinions of the United States while 17% held "somewhat unfavorable" opinions of the United States. A 2011 survey conducted by the Pew Global Attitudes Project of Egyptian public opinion also found a large majority (79%) of Egyptians held unfavorable opinions of the United States.
3. The May 2012 Egypt Presidential Election Poll cited above found that 44% of Egyptians polled wish to see the Camp David Accords cancelled while 10% would like to see the terms of the treaty amended. The Pew Global Attitudes Project survey cited above arrived to similar conclusions with 54% polled preferring to see the treaty annulled.