

Connecting the Belt and Road Initiative to the Suez Economic and Trade Cooperation Zone Development

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1. Overview: Chinese Investments in Egypt

The Arab Republic of Egypt established diplomatic relations with the People's Republic of China on May 30, 1956¹ as the first African State.² At the time, China extended an aid commitment of USD 4.7 million to the Egyptian government.³ China also firmly backed the Egyptian stance on the Suez Canal and its struggle against colonial interferences.⁴

On April 21, 1994, China and Egypt signed a bilateral investment treaty.⁵ This treaty aimed at encouraging and protecting reciprocal investments on the basis of a mutual win-win cooperation. Their cooperation was upgraded to a comprehensive strategic partnership on December 23, 2014,⁶ signed by Egyptian President Abdel Fattah Al-Sisi and his Chinese counterpart Xi Jinping. President Xi then announced a two-state interdisciplinary cooperation agreement for five years. This comprehensive strategic partnership was actually initiated by Al-Sisi's visits to China in December 2014 and September 2015, respectively.⁷

With Egypt increasingly turning toward China, it would have more opportunities to seek support from China in order to recover from its economic recession. Both have agreed to boost mutual cooperation.⁸

In 2016, meanwhile, Egyptian Minister of Investment Dalia Khorshid stated that China ranked the 23rd largest investor in Egypt.⁹ Its investment amount was estimated at about USD 500 million.¹⁰ Because China is rapidly increasing its

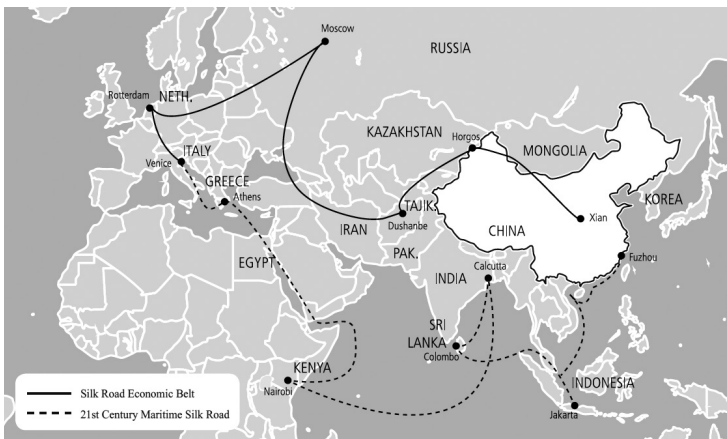
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investments in Egypt, it could be a top ten in the near future. One of the major projects in this course is to develop the China-Egypt Suez Economic and Trade Cooperation Zone (hereinafter Suez Development Project). China's investment for the Suez Development Project is estimated at USD 4 billion under the Belt and Road Initiative.¹¹

2. The Belt and Road Initiative and the Suez Economic and Trade Cooperation Zone

The Belt and Road Initiative is composed of the Silk Road Economic Belt (Belt) and the 21st Century Maritime Silk Road (Road). Both concepts were adopted at the Third Plenum of the 18th Chinese Communist Party Congress in November 2013 and published in the Chinese Government's Work Report in March 2014.¹² The Belt and Road Initiative aims to revive the ancient trade routes between Asia and Europe. More than 60 countries are involved in this Initiative.¹³ A major goal is to achieve policy co-ordination between the nations across the Belt and Road.

Figure 1: Belt and Road Initiative¹⁴



The Suez Development Project was suggested in the context of the Belt and Road Initiative by the Chinese government.¹⁵ China might consider the economic and political circumstances along the Suez Canal as a great potential. The Suez Canal