

CHAPTER III:
THE TIGHTENING RELATIONS OF EGYPT AND P.R.C.
UNDER ABDEL FATTAH AL-SISI ADMINISTRATION

The strengthening relations of Egypt under Al-Sisi administration with Xi Jinping, the president of P.R.C. can be seen when Al-Sisi decided to visit Beijing as the first destination of country visit as a President. As a respond, Xi Jinping visited Egypt a while after in 2016. The result of Al-Sisi's visitation to P.R.C is some Memorandum of Understanding that can benefit both countries. The agreement is also including P.R.C.'s investment in New Suez Canal, in order to improve the newly finished asset that is important for Egypt economically and politically. This chapter will discuss about the presence of P.R.C. in Egypt in Al-Sisi Era.

A. The Dynamics of Egypt-P.R.C. Bilateral Relations under Al-Sisi

As mentioned in the previous chapter, the uprising of 2011 revolution brought a huge effect to Egypt politics and economy. Egypt has been suffering crisis and losing its grip to keep the stability either in socio-politic and economic. The fall of the previous regime does not give any significant impact toward society's welfare. Therefore, the current administration should be capable to restore the condition.

Abdel Fattah Al-Sisi, the elected president of Arab Republic of Egypt in 2014 should arrange the strategies that fit to the circumstance Egypt deals with. In terms of politics in internal scope, Al-Sisi has decided to forbid any activities that

is related to Muslim Brotherhood. The organization is determined as an illegal organization that can harm the country's stability.

However, the problem of internal affairs is not only about the structural issue but also the social welfare. The conflict that happened in the country was not only burdening the people to get a decent life, it also affect many economical aspect that makes the country have to struggle more to revive.

Previously in the Chapter II, it has been described that Egypt is now facing problems in economical welfare, starting from the distressing financial circumstances, minimum revenue from Egypt main financial resources, until the high rate of unemployment. Regarding this, Al-Sisi was raising the taxes and cutting off the subsidies on some energy resources, to decrease the country expenses and increase the national income.

The circumstance of Egypt's economy drives Al-Sisi to remind the importance of international partnership. In the first year of his Administration, Al-Sisi started to enhance a strategic cooperation with some International actors. P.R.C. was the first state he visited, the visitation was held on December 22, 2014 and was aimed to elevate the bilateral relations among two countries (Ministry of Foreign Affairs the People's Republic of China, 2014). Al-Sisi offered strategic partnership that is considered to be able to fulfill mutual interests of both sides. The cooperation between Al-Sisi and Xi Jinping later on is endorsed by the signing of Memorandum of Understanding and cooperation agreements regarding to some sectors, such as infrastructure, transportation, energy and security (Ahram Online,

2014). One of the agreements that was signed by both countries is about the cooperation in the New Suez Canal, a mega project that develops the Suez Canal.

The project was began at August 22, 2014. The projects builds a new second shipping lane besides the existing canal. This project is expected able to enhance the effectiveness and increase the revenue from the previous Suez Canal (Cairo News.Net, 2014).

Egypt is well known to be diplomatically close with P.R.C since a long time ago. Both countries had a first diplomatic relations on May 30, 1956. (china.org.cn, 2004). Egypt also became the one who supported “One China” principle which includes Taiwan and Tibet as a legal part of P.R.C. (Zambelis, 2012)

Despite the fact that the relations between two countries has not always been smooth, Egypt is always be an important axis for P.R.C. to penetrate the Middle East. Since the recognition for People’s Republic of China in 1956, Egypt and P.R.C. signed many agreements, especially in economics matter, such as the 1964 agreement of economic and technical cooperation, the 1985 agreement that stipulated the usage of convertible foreign exchange for bilateral trade, and the 1995 agreement that improved the previous agreement to reach the efficient relations among others (Hatab, Shoumann, & Xuexi, 2011).

The tightening relations was culminated at 1999 when both countries formed a strategic cooperation. This term focused on the fair and logic international system, enhancing cooperation and reducing the gap between developed and developing countries (Forum on China-Africa Cooperation, 2009).

The intention of Egypt to strengthen the relations with P.R.C. is actually not a brand new issue in 21st Century. The former leader of Egypt, Muhammad Morsi visited P.R.C. to seek a better grip after the diminishing relations with the West (Cunningham, 2012). Although Morsi and Al-Sisi are standing on the opposite political spectrum, it is clear that in this term both of them have the similar foreign policy direction: to engage P.R.C. to be strategic partner of Egypt.

B. P.R.C. Vision of the World “One Belt One Road”

People’s Republic of China cannot be separated with the historical trading route: The Silk Road, an ancient trading route that was found in 130 BCE during the Han Dynasty. It was found by the exploration of the Chinese imperial envoy, Zhang Qian. The route connects the world from the Far East to the West countries – well known as the East Asia and Europe – and vice versa.

The fame of Chinese Silk at the World becomes the origin of the Silk Road naming. Although the network was not only being used for Silk trade, the “Silk Road” name becomes more common and easily recognized. The name was firstly designated by Ferdinand von Richthofen who introduced the route as ‘Seidenstrasse’ which means Silk Road (Mark, 2014).

Ancient Silk Road Map



Figure 12 Ancient Silk Road

Source: <http://www.historyshories.com/silk-road-maritime-route.html>

According to the map above, there are two kinds of trade routes: land and sea route. The route connects three large continents: Asia, Africa, and the Europe. The main route is laid out at the main land that is connecting two Capital City: Chang'an, and Rome. It has two branches that are divided into Northern ones and the Southern ones in Dunhuang. The Northern route passes through Russian region, meanwhile the Southern route passes through India, Afghanistan, Iran and Arab Peninsula before both routes end in Rome.

Meanwhile, the sea route connects the Far East into the other part of the world that cannot be reached by the land route. It passes through the southern part of the world, connecting Far East with Southeast Asian lands, and wading through the Indian Ocean and the surrounding offshore along until it reaches Egypt and Somalia.

The heyday of Silk Road was faded after the Byzantine Empire finally found Silk base material and initiated the Byzantine Silk Industry. The route was closed afterwards when the Byzantine Empire fell into the Ottoman Empire and cut off all access to the West (Mark, 2014).

In this 21st Century, P.R.C. under the authority of Xi Jinping desires to reenact the great Silk Road with modern improvement. The intention was explicitly announced in Xi Jinping first visit to Kazakhstan 6 months after his designation as President (Ministry of Foreign Affairs of the People's Republic of China, 2013).

There are two main initiations according to this idea: the Silk Route Economic Belt (SREB) and the 21st Century Maritime Silk Route (MSR). These initiation forms a concept named “One Belt One Road” – later on will be written as OBOR (PwC's Growth Market Centre, 2016).

The idea to reactivate the Silk Road was previously put forward by the former president of P.R.C. Jian Zemin. He emphasized the intention to develop the Silk Road to enhance diplomatic relations and trade cooperation among Asian and European countries, as he stated in ASEM (Asia-Europe Meeting):

“ASEM should build a new Silk Road to actively boost exchanges between these two civilizations in the new century so that countries in Asia and Europe will build on their respective civilizations and respect, learn from, complement and benefit each other”
(CNN.com, 2001).

Furthermore, the establishment of the New Silk Road is aimed to preserve the Country's energy, regarding to the increasing economics movement which

demanded more domestic energy. Therefore, P.R.C. considers the opportunity to maximizing the potential of Central Asia to fulfill the needs of energy resources. The New Silk Road is not only projecting the trade route but also the natural gas pipeline that connects the Central Asia with Some spots in P.R.C (Lin, 2011).

The intention of New Silk Road seemed to be decreasing after the shifting of president. After Hu Jintao became the country leader, P.R.C. experienced a quite significant improvement in economy and seemed to be more focused on security and stability. The New Silk Road was re-encouraged in the next administration, with Xi Jinping as the President. Xi Jinping offers the OBOR initiative with more details and improvement which are somehow still similar with the previous concepts.

One Belt One Road Map

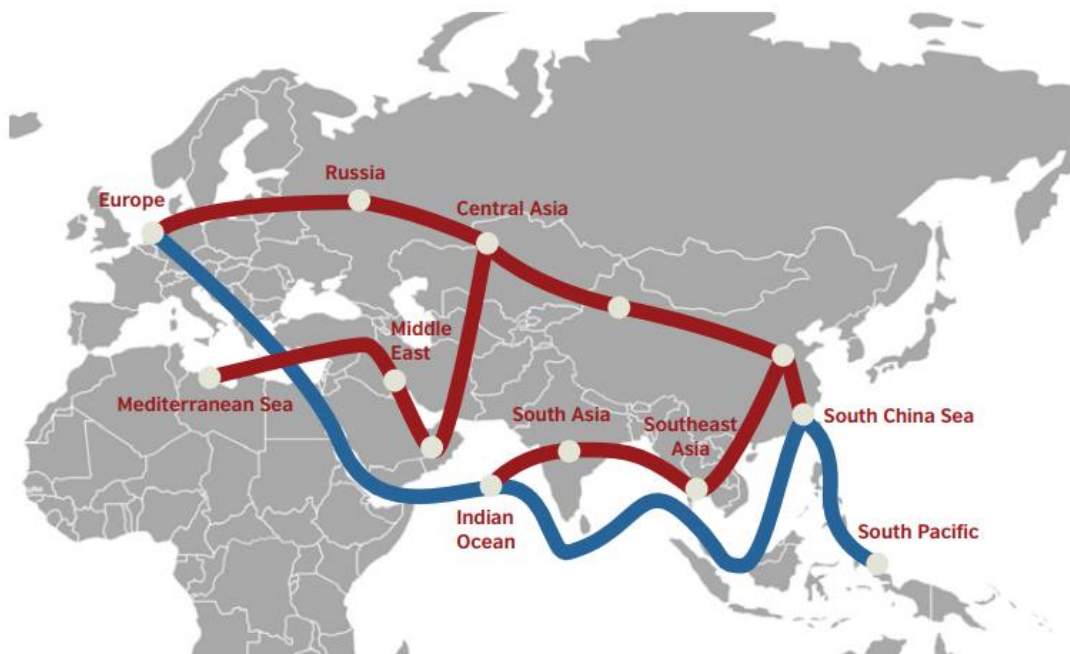


Figure 13 One Belt One Road Map
Source: China-Britain Business Council

The OBOR was formally launched in 2013 in order to improve and develop the new trading routes, links and business opportunities. The Silk Road Economic Belt (SREB) is aimed as the logistics chain from China's east coast to the Western Europe, connecting the economics network between China, Mongolia, Russia, Central Asia and Southeast Asia. Meanwhile the Maritime Silk Route is the sea route that is basically improving the previous Silk Road that is passing through the South China Sea and Indian Ocean, connecting P.R.C. with all the way surrounding countries from the offshore and so on until Africa and Europe.

P.R.C. could use OBOR as a strategic tool to counterbalance the United States pivot to Asia and the Trans-Pacific Partnership (TPP). OBOR also can be used to assert P.R.C. regional leadership through economic integration, blurring the gap among neighborhood countries. P.R.C.

OBOR initiative is basically referring to four main principles. These principles are in accordance with the purposes of the UN Charter and its Five Principles of Peaceful Coexistence.

The first, OBOR initiative is an "open for cooperation". This is inclusive for all countries, open for economies and international organization, regional cooperation mechanism and non-governmental organization in the world. Second, OBOR is a "harmonious and inclusive" initiative. Any country or region is not restricted to participate as long as there is tolerance among civilizations, respect of different modes of development, and promotion of dialogues and peaceful solutions. The third principle is to respect market rules and international norms.

And fourth, the initiative is “mutually benefitting”, all parties will enjoy the share benefits, achieve common development, and walk through the same destiny (Passalacqua, 2017).

C. Suez Canal in the Eye of P.R.C.

P.R.C. as the second emerging economics giants, the Canal is nothing but a strategic pivot to reach Middle East and Europe, one of the largest Chinese export markets.

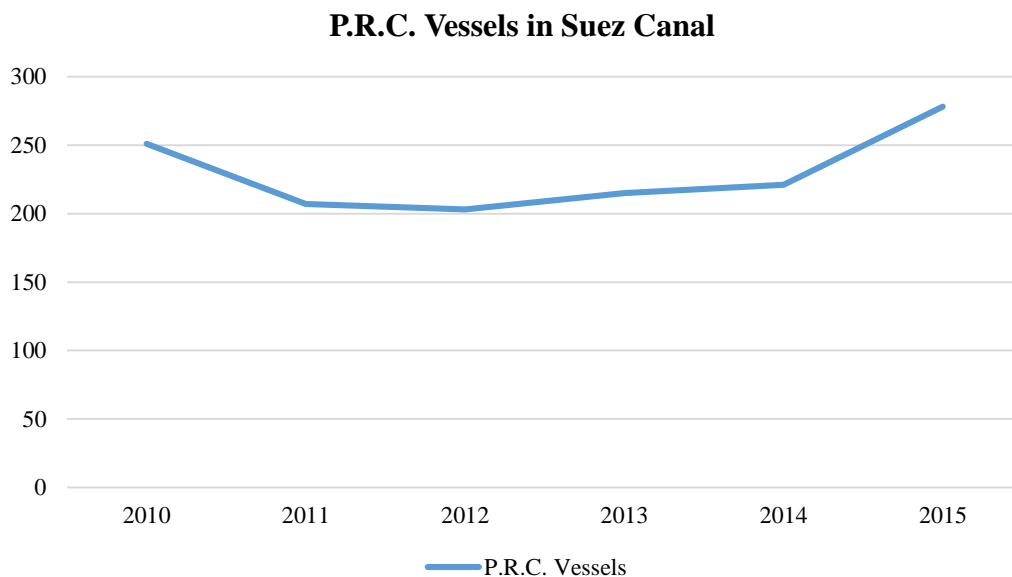


Figure 14 P.R.C. Vessels in Suez Canal
Source: IEmed.org

P.R.C. has been transiting over 200 ships in Suez Canal annually. Although it seems decreasing in 2010 and 2011, increased in 2012 and meet the higher rate in 2015 in the last 10 years.

The ties between Suez Canal and P.R.C. is inevitably strong. China has invested USD 185.6 Million in a joint venture to operate and manage the Suez Canal Container Terminal (SCCT) (COSCO Pacific Limited, 2008). It was followed by

the second development phase, where the China Harbor Engineering Company (CHEC) invested USD 219 million for a construction of a 1,200-meter quay (China Harbour Engineering Company Ltd., 2008).

The Suez Canal is more than just a budget-cutting route but also a route that completely accommodates various kind of vessel. The capability of Suez Canal and SCCT to handle the Malaccamax, a very large container ship that can carry 18,000 Twenty-foot equivalent (TEU) is however becoming the consideration of the economical actor to ship in, especially P.R.C. that has a 14,000 TEU for its largest vessel. Therefore, the newly initiative named OBOR will also take benefit from the existence of canal. The advantages that Suez Canal can offers to P.R.C. will support the implementation of the initiatives.

The Suez Canal does not only offer economical interest but also offer the security matters. For Instance, in July and August 2012, Chinese warship entered the Mediterranean Sea through the Suez Canal. The presence of Chinese warship was considered as a means to back up Syria regarding the increasing pressure toward Basher Al-Assad from the Security Council (Kais, 2012). The continuing tight relations between P.R.C. and Egypt could ease P.R.C. to expand its influence, military capability and to secure assets in surrounding Middle East allies.