



# One Belt One Road Initiative:

## The Future of Economic Relationship between China and Egypt

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# Background and Origin

- OBOR was announced in 2013, urged by the historical Silk Route, as the Chinese development framework through the 'going abroad strategy' in the upcoming decades.
- The OBOR initiative could be considered a huge one as the involved 65 countries represent about 55% of world Gross National Product (GNP), 70% of world population, and 75% of known energy reserves.

# Motivation and Objectives

The OBOR was largely motivated by long-run economic and political objectives such as:

- 1- Exporting overcapacity industries;
- 2- Increasing trade and investment ties;
- 3- Developing inland China;
- 4- Securing energy;
- 5- Widening the use of the Chinese currency; and
- 6- Expanding the Chinese geopolitical influence.

- However, the OBOR initiative should not be viewed as serving the Chinese interests solely, it should be viewed as a multilateral initiative.
- In this sense, OBOR aims at achieving the prosperity of the partner countries through:
  - 1- Building mutually beneficial trade and investment ties;
  - 2- Providing the partner countries with the required infrastructure projects; and
  - 3- Developing strong and friendly political relations.

# Financial Resources

○ The funds would be provided through three newly founded institutions, which are:

1- Silk Road Infrastructure Fund

2- Asian Infrastructure Investment Bank (AIIB)

3- New Development Bank (NDB)

○ The foundation of AIIB and NDB with their current regulations and terms justifies that the OBOR initiative aims at building a fair, adaptable, and non-bureaucratic multilateral development banks

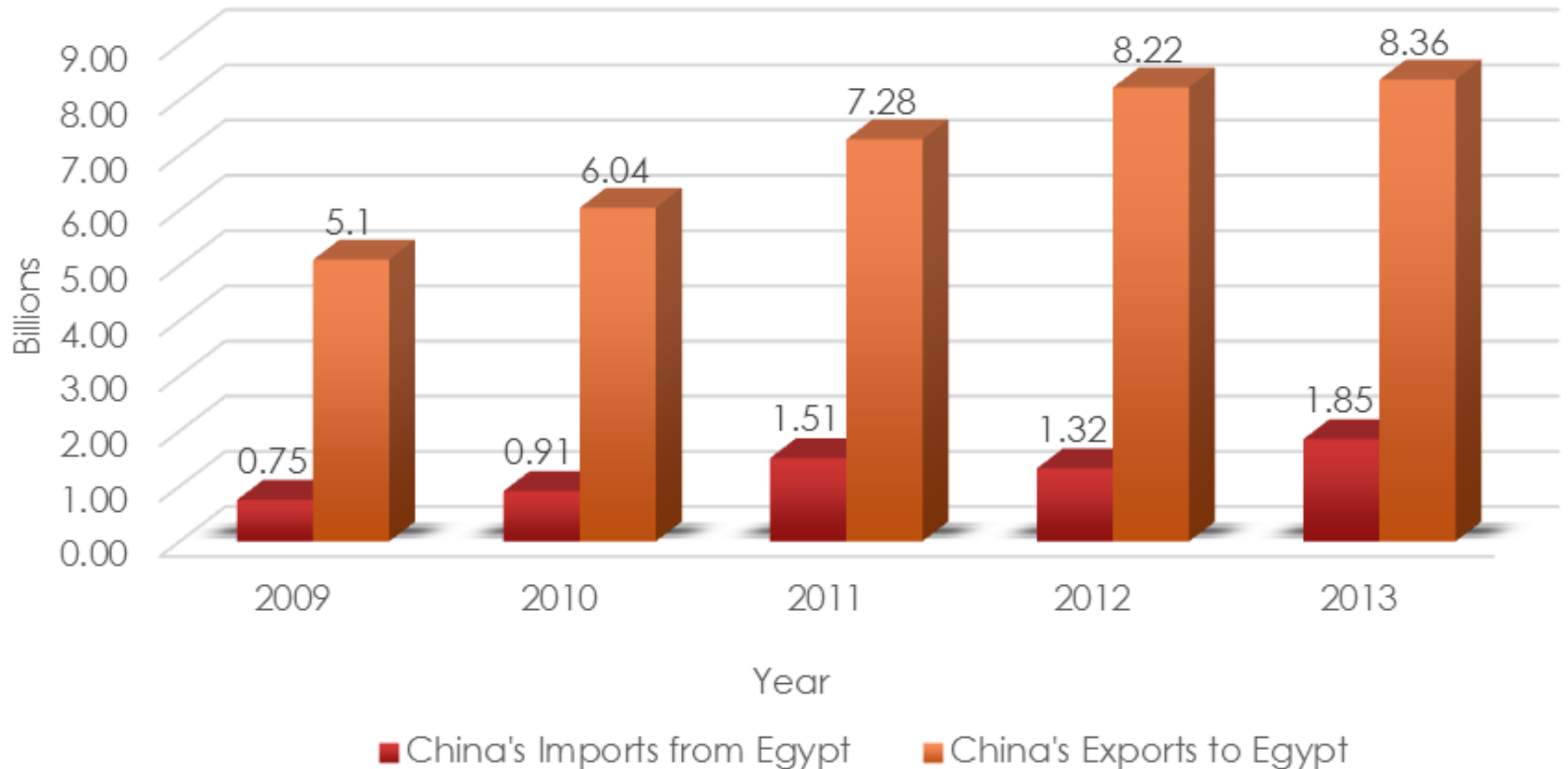
# The relationship between China and MENA countries

- China is the largest importer of oil from the Gulf region and OPEC's share of China's oil imports is rising fast.
- The MENA region is a growth market for more affordable Chinese products and engineering services.
- The region's governments see a more influential China as a source of both growth and political leverage vis-à-vis the United States and Europe.

# Future of Economic Relationship between China and Egypt

Egypt and China have been enjoying solid economic ties which date back to more than half a century. The volume of Egyptian exports into China has increased remarkably since 1994, particularly in the last few years. However, the year-on-year growth rate has been characterizing by sharp fluctuations. China's exports into Egypt have been far greater than its imports from Egypt, resulting in a large trade surplus in favor of China.

# China-Egypt bi-lateral trade





Both the Egyptian and the Chinese governments turned to economic and technological zone in Suez (SEZs), and their variants when they firmly decided to open up their economies in order to develop. The preferential policies offered to companies in Egypt SEZs are almost identical to China's, which leads to the conclusion that Egypt has, indeed, attempted to copy the Chinese model. While these policies have attracted FDI, some of them undermine Egypt's domestic production, while clearly working in favour of China's export policy.

The bilateral dialogue between China and Egypt should concern the following:

- Establishing national organization of public diplomacy in both countries that gathers in its membership all who are interested and concerned with the Egyptian Chinese affairs.
- Presenting a unified vision, its message is to meet the needs of the Egyptian Chinese relations through knowledge exchange between the two people to face the challenges and increase the developmental links.
- Presenting activation mechanisms to this organization based on presenting executive list to coordinate with official ones.



**Thank You**