



# Asian Perspectives

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# English Section

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### مصر والهند (شراكة جديدة فى عهد جديد)

سعادة السفير / سانجاي باتا تشاريا  
سفير الهند لدى جمهورية مصر العربية

يمثل عام ٢٠١٧ علامة فارقة لكل من الهند ومصر، حيث تحتفل الهند بمرور ٧٠ عاماً على بداية العلاقات الدبلوماسية مع مصر، ومن ثم تكتسب هذه المناسبة أهمية خاصة نظراً للروابط الحضارية والتاريخية المشتركة بين البلدين، ففي العصر الحديث تجددت الروابط بينهما حيث ان قادة البلدين لديهما نهج يستشرف المستقبل، حيث تمكنوا من قيادة الدولتين لتحقيق أهداف السلام والتنمية .

فقد استطاعت الهند بعد ٧٠ عاماً على الاستقلال التغلب على العديد من التحديات الاقتصادية ومنها الجوع والفقر والامية وغياب العدالة الاجتماعية، كما اتخذت العديد من الإصلاحات والتشريعات الاقتصادية مما اوجد مناخاً جذاباً لتتحول الهند إلى مركز صناعي دولي، حيث ارتفع معدل النمو الاقتصادي إلى ٧,٥٪ في العام الماضي، مما جعل الهند من أكثر الدول نمواً في مجموعة ال ٢٠، وفي هذا السياق صرح رئيس الوزراء " Narendra Modi " ان سياسة الهند على الصعيد الدولي تركز على إعادة بناء الاتصالات مع محيطها الإقليمي والدولي ، ومن أولوياتها الاقتصادية إتاحة الفرص الدولية أمام المواهب والنماذج الشابة المتميزة وبناء شركات تنموية عابرة للمحيطات والقارات وصياغة خطاب إعلامي يستوعب التحديات الدولية ونشر التراث الحضاري الهندي

ومن الجدير بالذكر وصف سعادة السفير مصر بأنها اقدم الحضارات، كما استعرض أهمية مصر الاستراتيجية، ولاسيما الموقع الجغرافي الذي يربط بين آسيا وإفريقيا وقواتها المسلحة وتأثيرها الثقافي والحضاري مما جعل منها قوة رئيسية في حفظ السلام والاستقرار الإقليمي في أفريقيا والعالم العربي، حيث تمثل صوت الإسلام المعتدل، كما اشد بمواقف مصر مع الدول النامية، والإصلاحات والمبادرات الجديدة التي اتخذها الرئيس عبد الفتاح السيسي بهدف تطوير الاقتصاد المصرى علي الصعيد الداخلي ، وعلي الصعيد الإقليمي ولاسيما المبادرات الجديدة لتعزيز الأمن والتنمية، هذا بالاضافة



الي موقفها الواضح في الحرب ضد الإرهاب واسهامها في العديد من القضايا الدولية في الأمم المتحدة وغيرها من المنظمات الدولية .

واوضح أن علاقات الهند مع مصر تؤثر على علاقات الهند مع باقي دول المنطقة حيث تعتبر دول منطقتي غرب آسيا وشمال إفريقيا من دول الجوار الهندى ، ولهذا فإن الهند في ذرى مرور ٧٠ عاماً على استقلالها تسعى إلى تكوين شركة قوية مع مصر بهدف تحسين استغلال الفرص ومواجهة التحديات الراهنة على اساس التعاون على ثلاث محاور وهما : (التعاون الأمنى – السياسي، التعاون العلمى والاقتصادى ، التبادل الثقافى بين البلدين )

فعلى الصعيد السياسى شهدت العلاقات الثنائية بين الهند ومصر تطوراً ملحوظاً عام ٢٠١٦ ، حيث قام الرئيس عبد الفتاح السيسى بزيارة الهند في سبتمبر ٢٠١٦ عقب لقاءين هامين بينه وبين رئيس الوزراء الهندى فى نيويورك فى سبتمبر ٢٠١٥ وفى نيودلهى فى أكتوبر ٢٠١٥ بالإضافة إلى زيارة وزير الدولة للشئون الخارجية الهندى سوشما سواراج للقاهرة فى أغسطس ٢٠١٥، حيث تكلت زيارة الرئيس عبد الفتاح السيسى للهند بتوقيع البيان المشترك مع رئيس الوزراء الهندى والذي يتضمن الأهداف المشتركة ووضع أسس الشركة الجديدة بين البلدين.

ولهذا فإن العلاقات المصرية – الهندية تشهد زخماً جديداً فى مجالات عديدة ،فالتفاهم السياسى القوى والالتزام لتنفيذ المحاور الثلاثة للعلاقات الثنائية المذكورة سابقاً عزز التعاون بشأن الأهداف الثنائية والاقليمية .

وفي مجال التعاون الامنى اوضح السفير إن نمو تيار التطرف أدى إلى انتشار أعمال العنف والارهاب بحيث اصبح يشكل تهديداً ارهابياً ليس فقط بالنسبة لمصر والهند ، وإنما على الصعيد العالمى، وفي هذا الصدد تم تدعيم التعاون العسكرى لمكافحة الإرهاب والتطرف كأولوية لتحقيق السلام والتنمية ليس فقط بين البلدين وإنما على الصعيد الدولى ، ولهذا قامت مصر والهند بالتصدي للتحديات الجديدة فى مجال الأمن الالكترونى وجرائم المعاملات المالية كالاتجار فى المخدرات وغسيل الأموال ، ومن ثم تتضح اهمية تعميق التعاون الدفاعى بين البلدين والذي يمثل أولوية أخرى مع التركيز على التدريب والتبادل التجارى فى المجال الدفاعى..



اما علي الصعيد الاقتصادي فلقد بلغ حجم الاستثمارات الهندية في مصر ٣ مليار دولار أمريكي ، كما يبلغ عدد الشركات الهندية العاملة في مصر ٥٠ شركة في مجال الصناعة، مما يتيح نحو ٣٥ ألف فرصة في سوق العمل المصري ،ذلك إلى جانب التعاون في مجالات أخرى أبرزها علوم الفضاء والتكنولوجيا والتعليم والطب وتكنولوجيا المعلومات وغيرها من القطاعات العلمية.

ومن الجدير بالذكر أن الهند تعد تاسع أكبر شريك تجارى مع مصر ،حيث تقدر الواردات المصرية للهند بنحو ١,٢ مليار دولار أمريكي بينما تقدر الصادرات الهندية لمصر بنحو ٢,٤ مليار دولار أمريكي،اما حجم التبادل التجارى بين البلدين بلغ ذروته في ٢٠١٢-٢٠١٣ بإجمالى ٥,٥ مليار دولار أمريكي ، وقد انخفض إلى ٣,٦ مليار دولار أمريكي في ٢٠١٥-٢٠١٦ نتيجة الانخفاض فى أسعار النفط ونقص العملات الأجنبية والقيود المفروضة على الواردات.

وفي اطار تدعيم العلاقات الاقتصادية بين البلدين، تأتى المشاركة الهندية فى مشروعات جديدة للتنمية فى مصر خلال عام ٢٠١٦ منها : مشروع للطاقة الشمسية فى قرية عجاولين بمحافظة مرسى مطروح ، ومركز للتدريب المهنى فى مجال المنسوجات فى القاهرة ،وبرنامج التعليم والعلاج عن بعد فى جامعة الأسكندرية الذى بدأ تنفيذه منذ عدة سنوات ، ومركز التميز فى تكنولوجيا المعلومات فى جامعة الأزهر عام ٢٠١٧ ، كما تأسس أول ترسى للهند فى مجال التكنولوجيا الحيوية فى العالم العربى فى جامعة عين شمس عام ٢٠١٦ ،هذا بالإضافة الى زيادة عدد المنح المقدمة من الهند فى إطار برنامج التعاون الاقتصادى والتقنى من ٤٠ منحة عام ٢٠١٥ إلى ٢٠٠ منحة عام ٢٠١٧ فى مجال التمويل وتكنولوجيا المعلومات والإعلام والزراعة والموارد المائية وغيرها من المجالات .

أما علي الصعيد التاريخي فإشار سعادة السفير انه تم العثور على آثار مصرية فى حضارة وادى اندوس - ساراسواتى ( Indus - Saraswati the vally ) هذا بالإضافة الى روابط الصداقة بين الشاعر الكبير طاغور وأحمد شوقى ، والتقاء العقول بين المهاتما غاندى والزعيم سعد زملول ، والصداقة الأسطورية بين نهرو والزعيم جمال عبد الناصر تشهد على القيم والمصالح المشتركة بين حضارتى وشعبى مصر والهند .



# India and Egypt: New Partnership in New Era

**Sanjay Bhattacharyya**  
Ambassador of India to the Arab Republic of Egypt

**2017 is a special year for India and Egypt. As India celebrates 70 years of independence, our two ancient and proud civilizations move forward to 70 years of diplomatic relations. Our civilization links have stood the test of time and in the modern times we have renewed our contacts with vigour. Our leaders have, with their visionary approach, steered our countries and our regions towards the goals of peace and development. We are adequately equipped to take advantage of the challenges and opportunities at the cusp of this new era.**

## India@70 : Vibrant and Dynamic Democracy

**India@70 has, in large measure, overcome the challenges of hunger, poverty, illiteracy and social inequality that we faced at the time of independence. Today, we celebrate the maturity of our democracy, the vision of our parliament, the independence of our judiciary, the vigor of our civil society, the vibrancy of our media, the resilience of our institutions and above all, the spirit of our people. Our extraordinary diversity of languages, ethnicities and religions has become strength for our people and our nation. The commitment to tolerance has nurtured an integrated and energetic India amidst our amazing diversity.**

**Within the spacious provisions of our Constitution, India has grown into a beautiful, vibrant and dynamic democracy. With reforms and liberalization, India embarked on economic transformation to consolidate the progress achieved in political and social fields. Growth surged to 7.5% last year, making us the fastest growing economy in the G-20 group, and our institutional framework developed. With favorable domestic demand, demographic dividend, business environment, FDI inflows, scientific tem-**



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per and innovations on the one hand, and our abiding cultural ethos of harmony and pluralism on the other, India's emergence as a responsible rising power on the global stage has been confirmed. Our strategic intent is shaped by our civilization belief in realism, co-existence, cooperation and partnership. The world today needs India's sustained rise, as much as India needs the world.

India is emerging as a powerhouse of innovation and efficiency, the largest provider of affordable generic medicines, a major centre of IT services, a hub for manufacturing and a growing overseas investor. New reforms and legislation have created a business friendly environment with simplified procedural and regulatory mechanisms to transform India into a global manufacturing hub, which contributed to the success of "Make in India" campaign. "Skill India" is adding value and ambition to our population such that our demographic dividend is powered by educated and energetic youth with technical, managerial and entrepreneurial skills. "Digital India" is transforming India into a digitally empowered society and knowledge economy based on smart cities, while "Start up India" is providing encouragement to new enterprises and innovation. Indian advances in space technology are evident in the successful Mars and Lunar Missions and its reliable and cost-effective satellite launching facilities provided to many countries. More importantly, space has become relevant to the common man with the extension of education, medicine, agriculture and even marketing applications emerging from this new frontier, to improve livelihood and enhance efficiency.

As Prime Minister Narendra Modi said, our international engagement is focused on rebuilding connectivity and rejoining India with our immediate and extended geographies; shaping relationships networked with India's economic priorities; making India a human resource power by connecting our talented youth to global needs and opportunities; building development partnerships across oceans and continents; creating Indian narratives on global challenges; helping reconfigure, reinvigorate and rebuild global institutions; and spreading the benefits of India's civilization legacies. Transformation is not just a domestic focus, it encompasses our global agenda.



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## Egypt: The Mother of Civilizations

**Egypt's geo-strategic location connecting Asia with Africa, large and intelligent population, strong armed forces, cultural influence and civilization strength makes it a significant factor for regional peace and stability in Africa and the Arab world. Egyptians are the voice of moderate Islam and Egypt had always championed the cause of developing countries.**

**Egypt under President Abdel Fattah Al SISI undertook new reforms and initiatives towards economic recovery and built new partnerships. In the regional context, Egypt gained strategic space and voiced new initiatives to promote security and development. Egypt has a strong stand in the fight against terrorism and contributed to several other global causes in UN and other multilateral bodies.**

**Our relations with Egypt also have a bearing on our relations with the rest of the region as West Asia and North Africa (WANA) is now considered as our neighborhood, it is no longer an extended neighborhood. India is now more actively engaged in the Gulf, Arab region and Africa. Millions of Indians work in the region and contribute to regional development as well as India's economy. Our frequent political exchanges and economic engagement have fostered a strong partnership in the emerging structures in political-security-economic fields. To add to our historic ties of exchanges between people and ideas, of trade and commerce and of language and literature we have continued our cultural and economic engagement to strengthen bonds that make us brothers.**

## India & Egypt: Old Friends, New Partners

**Egypt is an old friend, whom we have known for millennia. Artifacts from the region have been found in Lothal in the Indus-Saraswati valley civilization and there are records of our exchanges with Egypt in the Ashokan rock edicts. The close bonds of friendship between the great poets Tagore and Ahmed Shawki, the meeting of minds between Mahatma Gandhi and Saad Zaghlul and the legendary friendship between Nehru and Nasser are testimony to the shared values and interests of the two ancient civilizations and peoples.**



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**India@70 seeks a stronger partnership with Egypt to address the opportunities and challenges of the new era on the basis of collaboration in three pillars – political-security cooperation, economic and scientific engagement and cultural and people-to-people exchanges.**

**The growth in relations between India and Egypt reached an inflexion point in 2016 with the landmark State Visit of President Abdel Fattah Al SISI to India in September 2016. The visit came after two significant meetings between Prime Minister Modi and President Sisi in New York in September 2015 and in New Delhi in October 2015 as well as the pathbreaking visit of External Affairs Minister Sushma Swaraj to Cairo in August 2015. President Sisi was accorded a warm ceremonial reception at Rashtrapathi Bhavan and visited the memorial of Mahatma Gandhi. President Pranab Mukherjee held talks with him and hosted a State Banquet in his honor. Prime Minister Narendra Modi held extensive bilateral talks with him and the two leaders issued an epochal Joint Statement that outlined our shared objectives and defined the architecture for our New Partnership in the New Era.**

**There is new momentum in strengthening of relations in diverse fields. Strong political understanding and commitment to implementation on the three pillars of our relations has enhanced cooperation on bilateral and regional agenda. The growth of radicalization leading to violence and spread of terror pose a real security threat not just to our two countries but also to nations and communities across regions. We have stepped up security cooperation to combat terrorism and fight radicalism and extremism as a priority for peace and development in our regions and globally. We are also confronting the new challenges of cyber security and transnational crimes such as drug trafficking, money-laundering and others. Deepening our defence exchanges is another priority with focus on high level exchanges, training, capacity building, R&D and defence trade and production.**

**Building partnerships is central to our engagement with Egypt. Indian investments in Egypt have grown rapidly to cross US\$3 billion. India has over 50 enterprises in Egypt, mostly engaged in manufacturing, which provide employment to almost 35,000 Egyptians. Indian investors bring**



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with them the best of technology, management practices and export potential. With new investments flowing in and old investors expanding their operations in recent years in Egypt, Indian corporate sector remains optimistic about the long-term potential of the Egyptian market and look forward to a transparent and predictable regulatory and business environment for win-win outcomes. We are also engaged in collaborative projects in space, technology, education, medicine, IT and other sectors in the frontiers of science.

India's trade with Egypt, which reached a peak of US\$ 5.5 billion in 2012-13, declined to US\$ 3.6 billion in 2015-16, mainly due to decline in oil prices, foreign exchange shortage and import restrictions. India is the ninth largest trading partner of Egypt with India's imports from Egypt at US\$ 1.2 billion and exports to Egypt at US\$ 2.4 billion. The first G-G agreement in recent times for supply of 20,000 tons of rice at friendship price opens up new horizons and opportunities for trade. There is great potential to significantly enhance trade volumes through diversification of products and adjustments in the trade regime. Similarly, there is great potential for project exports to Egypt, financed by liberal lines of credit.

India, a developing country, believes in sharing her experiences with other partners. We commissioned two new development projects in 2016 - a solar electrification project in Agaween village, Matrouh governorate and a Vocational Training Centre for textiles in Cairo. The ongoing Pan-Africa project at Alexandria University for tele-medicine and tele-education has been in operation for several years. The Centre of Excellence in Information Technology will be established at Al Azhar University, starting 2017. These projects not only showcase the technological advances made in India but also enhance the empowerment level of the targeted population and enable them to contribute more significantly to their country. The first Indian Chair, in the Arab region, was established in Ain Shams University with a Professor of Biotechnology in 2016. Indian Technical and Economic Cooperation (ITEC) fellowships, which provide short term training in IT, finance, media, agriculture, rural development, water resources, etc., have been increased from 40 in 2015 to 200 in 2017.

Our cultural bonds provide a strong foundation for our growing rela-



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tions and enjoy grassroots support. In recent years, we have realized new forms of collaboration and youth participation. Over 10,000 schoolchildren across Egypt participated in the Glimpses of India painting competition last year, children from primary schools visit our Culture Centre every fortnight and we reach out to major universities in Egypt. Yoga has gained in popularity and schools have mushroomed across the country. The India by the Nile cultural festival, dubbed the largest foreign festival in Egypt, has reached its fifth successful year creating new platforms for sustainable partnerships and exchanges in cultural and social spheres. The newly launched Tagore Festival and Gandhi Jayanti, MACIC Roundtable and Film Club have reached out to new audiences facilitating greater people-to-people contacts and cultural exchanges with different States of India. The Maulana Azad Centre for Indian Culture (MACIC) organizes Hindi, Urdu, Yoga and dance classes as well as outreach events in school and colleges in different Governorates. Indian culture has made major inroads in Egyptian society, not only through Bollywood and TV serials, but also through the spread of Yoga and meditation, Indian cuisine and even Indian festivals such as Holi.

The sky is the limit for the future of India-Egypt relations. High-level exchanges, business partnership and cultural contacts will update each side of the far-reaching changes taking place in our respective countries and in realizing the full potential of our bilateral partnership. As we observe 70 years of the establishment of diplomatic relations between our countries, we shall explore new horizons in our New Partnership in the New Era, fulfilling the vision of the leaders and the aspirations of the peoples.

## منطقة قناة السويس للتعاون الاقتصادي

### والتجاري بين مصر والصين SETC-ZONE

أ.د. مروة بلتاجي

أستاذ مساعد - قسم الاقتصاد،

كلية الاقتصاد والعلوم السياسية، جامعة القاهرة

أصبحت الصين أكبر اقتصاد في العالم، وابتدت توظف الأدوات الاقتصادية في علاقاتها الاقتصادية والسياسية مع الدول النامية الأخرى، حيث تعد الصين واحدة من أنجح الدول التي تستفيد من المناطق الاقتصادية الخاصة من أجل تحقيق تحولات اقتصادية بعيدة المدى، وقد بدأت مع أربع مناطق في المرحلة الأولى لتجربة الإصلاحات الاقتصادية الموجهة نحو السوق، وتشير التقديرات إلى أن المناطق الاقتصادية الخاصة على الصعيد الوطني تمثل في السنوات الأخيرة حققت نحو ٢٢ في المائة من الناتج المحلي الإجمالي الوطني و ٤٦ في المائة من الاستثمار الأجنبي المباشر و ٦٠ % من الصادرات ووفرت أكثر من ٣٠ مليون وظيفة، ومن ثم كان للمناطق الاقتصادية الخاصة انعكاسات إيجابية على الاقتصاد الصيني . وتمثل منطقة قناة السويس محوراً جديداً في التنمية الاقتصادية في مصر، وتخضع المنطقة للرقابة من قبل الهيئة العامة للمنطقة الاقتصادية لقناة السويس، وهي هيئة مستقلة ذات صلاحيات تنفيذية وسلطة كاملة للإشراف على جميع مناطق العمليات، والتوظيف، ومراقبة الميزانيات، والتمويل، وتطوير الشركات مع المطورين وخدمات تيسير الأعمال التجارية. وتعمل على تحقيق أهداف سياسة التوجه العالمي من خلال منطقة السويس.

وفي إطار مشاركة الحكومة الصينية في صياغة مشروعات المناطق الاقتصادية الخاصة في مصر، تركز الدراسة على الملامح الرئيسية لمنطقة التنمية الاقتصادية، التكنولوجية تيانجين the Tianjin Economic-Technological Development Area (TEDA) فهي الشريك المساعد من قبل الحكومة الصينية لتطوير منطقة السويس، ولا سيما لوجود العديد من العوامل في السوق المصرية مثل الاستقرار السياسي والإصلاحات الاقتصادية، مما يشجع العديد من الدول على الاستفادة من فرص الاستثمار.

وقد تأسست شركة تيدا للاستثمار القابضة، التي يبلغ رأسمالها المسجل ٧٧١ مليون دولار، ويبلغ مجموع أصولها ١٣,٦ مليار دولار أمريكي في ديسمبر عام ٢٠٠١، وذلك بتصريح من اللجنة الإدارية



لمنطقة تيانجين (تيدا للاستثمار القابضة ) ، وتعتبر تيدا القابضة هي المسؤولة عن تشغيل وإدارة الأصول، حيث تشمل أنشطتها قطاعات التمويل، ومرافق البنية التحتية، وتطوير الأراضي، والصناعة التحويلية، والخدمات اللوجستية، وإمدادات الطاقة، والنقل، والمعارض والفنادق.

وقد أعلن الرئيس " هو جين تاو الرئيس السابق " في قمة بكين لمنتدى التعاون الصيني الإفريقي في نوفمبر ٢٠٠٦ عن اقامة صندوق خاص هو صندوق التنمية الصيني الإفريقي (الذي يشار اليه فيما بعد ب "صندوق كاد")، باعتباره واحدا من ثمانية اجراءات لافريقيا، وسيبلغ إجمالي مبلغ رأس المال للصندوق الكندي ٥ مليارات دولار أمريكي، حيث تم تمويل اول مليار دولار امركي من بنك التنمية الصيني "بنك التنمية الاسيوى".

ومن الجدير بالذكر ان منطقة التعاون الاقتصادي والتجاري في السويس تعد أول منطقة اقتصادية تتعاون مع صندوق كاد ، ولهذا تستهدف تيدا جذب استثمارات جديدة بنحو مليارى دولار، إلى جانب جذب ما بين ٨٠ إلى ١٠٠ مشروع صيني ضمن تلك الاستثمارات، وتنتظر المنطقة تخصيص مساحة جديدة بعد الانتهاء من المرحلة الاولى، والتي تضم نحو ٥٠ مشروعًا باستثمارات ٩٠٠ مليون دولار، منها ٣٤ مشروعًا خدميًا، وسوف تركز المساحة الجديدة على نحو ٧ قطاعات صناعية تتضمن :

(التصنيع والطاقة المتجددة والصناعات الإلكترونية والصناعات الكيماوية والسيارات والأجهزة الكهربائية، ولاسيما ان مصر تحتل المرتبة الثالثة عالميًا في صناعة الفاير جلاس بالمنطقة)، مما يؤكد أن التعاون المصرى الصينى يعزز من تعظيم الاستفادة على جميع المستويات الاقتصادية.

ومن ثم يُعد دخول المنطقة الصناعية الصينية ضمن المخطط العام لمحور تنمية قناة السويس داعم أساسي لنمو الاستثمار بهذه المنطقة من جانب ، هذا بالإضافة الي تعزيز حركة التجارة والخدمات اللوجستية، إلى جانب توفير العديد من فرص العمل من جانب آخر .

وتجدر الإشارة أن قرار الحكومة الصينية بإنشاء منطقة اقتصادية على طول قناة السويس له العديد من الابعاد الاقتصادية ، حيث توفر المنطقة للشركات الصينية إمكانية الوصول إلى الطرق البحرية الرئيسية في العالم، ودخول بضائعها للعديد من الاسواق الاستهلاكية، ومن أبرزها منطقة البحر الأبيض المتوسط ومناطق التجارة عبر المحيط الأطلسي، حيث أن الطريق نحو هذه الأسواق الاستهلاكية يتم اختصارها بشكل كبير، وسيكون لديهم مسافة قصيرة نسبيًا للوصول إلى الموانئ على الحدود الشمالية والجنوبية والشرقية من البحر الأبيض المتوسط.

وتقترح الكتابة انه لا بد من ارساء استراتيجية جديدة للمنطقة الاقتصادية الخاصة بقناة السويس ، ويمكن لهذه الاستراتيجية أن تستفيد من الدروس والخبرات المفيدة للصين ودول العالم.

# China–Egypt:

## Suez Economic & Trade Cooperation Zone (SETC-ZONE)

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### **Introduction**

China as the world's second largest economy, like developed countries, employs economic instruments in its rapidly expanding economic and political relations with other developing countries. The Suez Canal Zone represents a new chapter in the economic development of Egypt. Created under Law no. 83 of 2002 and as amended in 2015, the Suez Canal Zone is governed by the General Authority for the Suez Canal Economic Zone: an autonomous body with executive powers of regulation and approval including the full authority to oversee all areas of operation, staffing, control over budgets, funding, development of partnerships with developers and business facilitation services.

This paper introduces China's economic and technological zone in Suez, Egypt, in view of the Go Global policy. In order to establish a comparative framework for examining whether the Suez Economic & Trade Co-operation Zone was modeled in line with China's Special Economic Zones (SEZs), this paper maps out the key features of the Tianjin Economic-Technological Development Area (TEDA), as Tianjin Investment Holdings was the partner appointed by the Chinese government to develop the Suez zone. There is an evidence that the Chinese government has been involved in shaping Egypt's special economic zones projects from the very beginning. Moreover, the aims of Go Global policy are being realized through the Suez zone. TEDA is set to become a bigger and more important actor in China's Africa strategy, where Egypt is only the beginning.



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## China's Experience with Special

### Economic Zones: Benefits and policy implications

There is a big variation of “special economic zones (SEZs)”. The term “SEZ” here covers a broad range of zones, such as free trade zones, export-processing zones, industrial parks, economic and technology development zones, high-tech zones, science and innovation parks, free ports, enterprise zones, and others.

China is one of the most successful countries in terms of leveraging SEZs to achieve far-reaching economic transformations. It started with four zones at the initial stage to experiment with market-oriented economic reforms which involves laws, regulations, taxation, land, labor, finance, customs, immigration, etc. After being successful, the zone program and relevant reforms were gradually rolled out throughout the nation in more diversified forms, and some of the zones were designed with more sophisticated agenda, such as the high-tech industrial parks. Together with the numerous industrial clusters, the SEZs have contributed significantly to national GDP, employment, exports, and attraction of FDIs. It was estimated that in recent years, SEZs at national level accounted for about 22% of national GDP, 46% of FDI, and 60% of exports and generated in excess of 30 million jobs. The SEZs have also played important roles in bringing new technologies to China and in adopting modern management practices.

Most lessons in China are positive, such as gradualism with a pragmatic and experimental approach; reform-oriented mindset; strong commitment and active facilitation of the state; open-up to FDIs; sound infrastructure; effective marketing and investment promotion; and continuous technology learning and upgrading, etc.

### Major Factors for Success and Lessons Learned

Many factors contributed to the success of China's SEZs, and in every case, the situations and factors might be different.

- **Strong Commitment and Support of the Government to Pilot Market-oriented economic reforms.** Despite the high uncertainty at the be-



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gining, the top leaders were determined to make changes, through a gradualist approach. Such a determination ensured a stable and supportive macro-environment. The central government also tried to decentralize its power and help create an open and conducive legal and policy environment for the SEZs. At the same time, the local governments made a great effort to build a sound business environment.

- **Land Reforms.** In China, the land reforms started from Shenzhen has played an important role in the SEZs' success. Before 1981, all land belonged to the State in the urban areas and, in rural areas, land was "collectively" owned. Since 1981, the government allowed SEZs to lease land to investors with an initial term of 20-50 years with the possibility of renewal. Meanwhile, a land auction system was established for all the commercial land (2002) and industrial land (2007) to ensure the efficient use of land resources. These reforms helped to establish a modern land market which has transformed whole China's urban landscape.
- **Investment Incentives and Institutional Autonomy.** To encourage firms (especially FDIs) to invest in the zones, the SEZs had in place various fiscal and non-fiscal incentives and preferential policies, including streamlined administrative process, sound infrastructure, rapid customs clearance, concessionary tax rates, and flexibility in hiring and firing workers, among others. Favorable policies were also in place to attract skilled labor, such as the provision of housing, research funding, education subsidies, etc. In addition, the SEZs (especially the early-stage ones) were given greater political and economic autonomy. They had the legislative authority to develop municipal laws and regulations to govern these zones. Such an unusual discretion allowed them more freedom in pursuing new policies and development measures deemed necessary to vitalize the economy.
- **Foreign Direct Investment and the Chinese Diaspora.** FDI and the Chinese diaspora have played important roles in the success of the SEZs by bringing capital investment, technologies, and management skills; generating learning and spillovers; and ultimately helping to build local manufacturing capacity.
- **Technology Learning, Innovation, Upgrading, and Strong Links with**



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**the domestic economy.** One of the key strengths of the SEZs is that they have a high concentration of very skilled people, including many R&D Research and Development personnel. As a result, they have become centers of knowledge and technology generation, adaptation, diffusion, and innovation. The abundance of FDI provides a good opportunity for technology learning. Governments also put strong emphasis on technology learning and innovation, as well as technology-intensive industries. In addition, the SEZs are closely linked to domestic enterprises and industrial clusters through supply chains or value chains. This connection not only helps achieve economies of scale and business efficiency, but also stimulates synergistic learning and enhances industrial competitiveness.

- **Innovative Cultures.** In addition to institutional flexibility, the composition of people in the SEZs also helped nurture innovation and entrepreneurship. Because most SEZs were built in new areas or suburbs of cities and were open to all qualified workers, they have attracted a large number of immigrants from across the country and, later on, from overseas, who hoped for better jobs and new opportunities. Such a strongly motivated migrant community tends to generate an innovative and entrepreneurial culture.
- **Clear Objectives, Benchmarks, and Competitions.** In China, SEZs were normally set up in batches—initially four—and then the number increased rapidly. Despite the large number of these zones, most of them have clear goals and targets in GDP growth, exports, employment, revenues, FDI generation, and the like. These expectations put a great deal of pressure and responsibility on the shoulders of the zone management. Meanwhile, the SEZs are highly competitive among themselves. Such competition helps make them more efficient and competitive.
- **Location Advantages.** Most SEZs in China are located in the coastal region or near major cities with a history or tradition of foreign trading or business and thus are better linked to the international market. They also have good access to major infrastructure, such as ports, airports, and railways. The location advantage is especially obvious for the SEZs in the Pearl River Delta region (close to Hong Kong, China) and the Min Delta region (close to Taiwan, China).



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## Tianjin Economic –Technological Development Area (TEDA)

During the Beijing Summit of China-Africa Cooperation Forum held on Nov., 2006, President Hu Jintao points out “China is willing to support some of the robust Chinese enterprises to establish 3-5 foreign economic and trade cooperation zones in some African countries that have necessary conditions in the coming three years.” In July 2007, the Ministry of Commerce of China began with the second round of tenders of the foreign economic and trade cooperation zones. With the support of Tianjin Government, Tianjin TEDA Investment Holding Co., Ltd submitted the tender documents in late August, and declared in November its success in winning the tender of establishing the Egypt Suez Economic and Trade Cooperation Zone, which will be China’s third economic and trade cooperation zone in Africa.

This cooperation zone is located in the third sector of North-West Gulf of Suez Economic Zone. The projected SETCZ covers an area of 7 km<sup>2</sup> since the infrastructure and utility for plot 1.067 km<sup>2</sup> has been completed, so this area will be regarded as the initial phase of SETCZ.

Egypt-TEDA Investment Company is the entity for the development and construction of SETCZ and takes the lead for the investment, development, construction, management and operation of SETCZ. Egypt-TEDA Investment Company, as a joint-stock company with registered capital of US\$ 80 million. China-Africa TEDA Investment Co., Ltd holds a share of 75%; The Egyptian Chinese J.V. Company for Investment 20%; Tianjin TEDA Suez International Cooperation Co. Ltd. 5%.

Egypt-TEDA Investment Company held the first General Meeting of Shareholders and the first Meeting of Board of Director on July 25, 2008. All the procedure for the registration has been completed on Aug. 14, 2008.

TEDA Investment Holding Co., Ltd, whose registered capital is 771 million US Dollar and total assets 13.6 billion US \$, was established in December of 2001, authorized by the Administrative Commission of Tianjin Economic-Technological Development Area. TEDA Holding is in charge of the operation and management of assets. Its business covers such sectors as finance, infrastructure facilities, land development, manu-



facturing industry, logistics, energy supply, transportation, exhibition and hotels.

President Hu Jintao announced at the Beijing Summit of the Forum on China-Africa Cooperation last year setting up a special fund, China-Africa Development Fund (hereinafter use “CAD Fund”), as one of the Eight Measures to Africa. Total capital amount of CAD Fund will be USD5 billion. The first one billion US \$ was funded by China Development Bank “CDB”. Suez Economic and Trade Cooperation Zone is the first overseas Economic Zone to cooperate with CAD Fund.

### Suez Economic and Trade Cooperation Zone (SETC-Zone)

Egypt’s strategic importance is derived from its location on the most north-easterly point of the African continent separated from the Asian continent by the Suez Canal, which leads to Europe. The SETC-Zone (see Figure 1) has been constructed in the town of Ain Sokhna bordering the Gulf of Suez along Egypt’s Red Sea Coast. It is 45km from the southern entrance of the Suez Canal and 110km from Egypt’s capital, Cairo. This choice of location in some respects imitates the location of TEDA in Tianjin, which also borders a gulf coast at the end of a sea where one can find convenient port facilities to access global trade routes; the zone has approximately the same distances as Tianjin TEDA to the regional city, Suez, and the capital, Cairo.

Figure (1): Map of SETC-Zone





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Given that the zone is relatively isolated from the remainder of Egypt, it is likely to function as an enclave. In view of this isolation, and for the purpose of connecting the zone to Egypt's domestic market, Egypt's military has constructed the Cairo-Ain Sokhna highway across this 110km stretch of Egypt's Eastern desert – a vast empty landscape with limited signs of life or resources. A much shorter distance away, Chinese companies can depend on the existing industrial base in Suez city and its surrounding districts.

The Chinese government's decision to establish and officially support a zone along the Suez Canal is economically and politically significant. From an economic perspective, in addition to the preferential policies laid out above, this zone provides Chinese companies with access to the world's principal maritime routes, leading towards consumer markets for their merchandise – most notably the Mediterranean and transatlantic trade areas. The advantage for Chinese companies of producing goods here is that the route towards these consumer markets is shortened significantly. They will have a relatively short distance to reach ports on both the northern, southern, and eastern Mediterranean borders, and they will have reduced the distance by approximately half to North American consumer markets. Even without the zone, from China the route to New York is more than 2,000 nautical (N.) miles less via the Suez Canal than via the Pacific. In the case of Chinese companies routing to West African markets, the route from the Pacific is approximately 3000 N. miles shorter via the Suez Canal than via the Cape of Good Hope. These savings in distance produce savings in time, fuel costs and other operational costs incurred by long-distance maritime travel.

In view of China's global power status, its decision to have a zone in Suez is not only strategic, but already historically important. Historically, global powers have marked their great power status and defended their interests on this trade route between East and West. China's permanent presence in the Canal Zone will provide its companies with greater opportunity to grab a slice of Suez trade, which could take the form, for example, of import and export activities with goods undergoing modification, repackaging, or reassembling within the SETC-Zone.



The industrial base in Suez has developed in close to a wealth of natural resources. The Gulf of Suez is Egypt's primary source of oil production, coming from among others, the Sedr, Assal, and Mtarma oil fields. Surrounding areas including the Eastern Desert, Egypt's Mediterranean coast and the Nile Delta are also main oil exploration and production areas. The SETC-Zone has been established close to the Ain Sokhna oil terminal, where the Suez-Mediterranean Pipeline (SUMED) begins. Egypt's Mediterranean and Nile Delta are also main reserve and production areas for natural gas. Coal and the metal gypsum can be found south-east of Suez and the nearby Ataka mountains give rise to large deposits of various types of materials used in manufacturing processes related to iron, steel and copper.

## Conclusion and Policy Recommendations

Egypt needs a new SEZ strategy. Such a strategy can draw on the useful lessons and experiences of China and other countries, and can build on the following thrusts:

- **Using SEZs to address the market failures or binding constraints that cannot be addressed through other options.** Such constraints may include issues related to land, infrastructure, trade logistics, etc. If the constraints can be addressed through country-wide reforms, sector-wide incentives, or universal approaches, then SEZ might not be necessary. Since SEZ is a very expensive undertaking and involves very careful and skilled planning, design and management, it should not be taken lightly. China leveraged the SEZ as a breakthrough towards a market-oriented growth model in an overall very constraining environment. Given its extreme situation in the early days, China offered generous fiscal incentives besides good infrastructure and efficient public services to attract foreign investors.
- **A sound legal, regulatory framework and effective institutions with strong and long-term government commitment.** In China, the first SEZ legislation was formulated to govern the SEZs at the local level: in August 1980, the SEZ Act for Guangdong Province was passed by



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the National Congress at the same time when the Shenzhen SEZ was launched. Although it was drafted by the provincial government, it was enacted by the national congress to ensure its supremacy and the full support of the central government. In South Korea, Malaysia, Jamaica, Jordan and other countries with successful SEZ programs, relevant laws and regulations are also put in place when they launched the programs. In addition, strong and long-term government commitment is needed to ensure the policy continuity and the adequate provision of various public goods. It is also important to establish a proper dialogue and cooperation mechanism between the central, provincial and local governments and across different government agencies.

- **Adopting the suitable development model through strategic planning and industrial positioning.** SEZ programs should be part of the national or regional development strategy and based on the most suitable model which depends on the local comparative or competitive advantages. To identify the right model which is built on local strengths, it is important to conduct an in-depth analysis of the base conditions through a strategic planning and industrial positioning exercise. This would include a rigorous assessment of the local market condition, connectivity, industrial base, supply chain, business environment, and land and labor supply, etc. Such an exercise will also help the zones to better leverage foreign technologies and know-hows optimally catering to the local needs.
- **A better business environment inside the zone, including efficient services, such as one-stop shop and good infrastructure.** One of the key objectives of the zones is to overcome the constraints (both soft and hard) of doing business in an economy. In most Chinese zones, unlike those in many African countries, all the basic infrastructures are provided with high quality and the one-stop-shop services and aftercare are very efficient and effective such as those in Shenzhen, Suzhou, and TEDA, run by skilled and competent professionals.
- **A realistic scheme - starting small and implementable.** It's crucial to make one or two zones work first before scaling-up. Although there were many overlaps in terms of the zone programs at the later stage,



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initially China started with only four zones at very strategic locations, and once successful, the program was then rolled out in the entire economy. Many African countries start with 10 or even 20 zones all at once, which is a recipe for failure.

- **Skills training and technology transfer and diffusion.** This is crucial for the zones to acquire sufficient manpower and make their products competitive. In China, many zones have well-equipped skills training center, which works closely with technical and vocational schools, colleges and universities to provide relevant skills training and technology support for the firms in the zones. Local governments also have talents strategy to attract highly skilled people to work in the zones.
- **Better linkages with local economy.** Zones need to build on local comparative advantages and have local suppliers/clusters as part of their value chains. In China, unlike many African countries, most zones are well plugged in the existing local clusters, so the zones and local clusters reinforce each other through business linkages. Chinese zones also encourage foreign investors to establish joint-ventures with local counterparts. In Taiwan (China) and South Korea, governments also encourage the backward linkages through technical assistance and other policy interventions.