



Mapping Connections

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**Two Wheels and Two Wings: Assembling Chinese
industrial park-port projects in the Middle East**

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Abstract

Recent research has explored the features of an emergent international development regime that embraces infrastructure-led development as a means of enhancing connectivity and global market integration. While numerous influential international institutions have been at the forefront of the global infrastructure drive, emerging economic actors such as China are becoming increasingly active as providers of infrastructure development assistance. This working paper hopes to examine the role of connectivity driven infrastructure in China's rise as a global superpower and leading economic actor in the Middle East, and implication of global infrastructure deployment for host countries. The paper focuses on China's industrial park-port model, which in recent years has emerged as a cornerstone of China's global infrastructure megaproject, the Belt and Road Initiative (BRI), and a key element of Sino-Middle East cooperation under the BRI.

Keywords: Infrastructure; Industrial capacity; The Belt and Road Initiative; Chinese overseas investment; Middle East.

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Recent research has explored the features of an emergent international development regime that embraces infrastructure-led development as a means of enhancing connectivity and global market integration. While numerous influential international institutions have been at the forefront of the global infrastructure drive, emerging economic actors, such as China, are becoming increasingly active as providers of infrastructure development assistance. This working paper hopes to examine the role of connectivity driven infrastructure in China's rise as a global superpower and leading economic actor in the Middle East, and implication of global infrastructure deployment for host countries. The paper focuses on the Chinese industrial park-port model, which in recent years has emerged as a cornerstone of China's global infrastructure megaproject, the Belt and Road Initiative (BRI), and a key element of Sino-Middle East cooperation under the BRI (Calabrese 2021).

The present analysis is situated within a research agenda that places global infrastructure at the centre of how we understand economic transformation in the Middle East and North Africa (MENA) region, while emphasising the contingent ways in which infrastructural models are deployed. Maintaining the standards and norms of infrastructure provision promoted by leading international institutions, China's industrial park-port projects are underpinned by a prevalent spatial-economic development paradigm that emphasises both global connectivity on the one hand, and state-led economic development on the other. Closely tied to Chinese national priorities however, these projects reflect a shift in the focus of China's engagement with the MENA region from the priority of access to energy supplies, raw material and foreign markets for Chinese goods to the aim of exporting excess capacity overseas, increasing manufacturing productivity and expanding maritime trade. Within host economies official Chinese discourse has sought to promote a narrative of mutual cooperation around industrial park-ports, emphasising their ability to catalyse industrialisation and expand trade growth in the host countries.

Nonetheless, an assessment of the impact of China's industrial park-ports on the development pathways of host regions in specific locations reveals unanticipated patterns of activity enabled by the production of fixed capital within these locations. In the Egyptian context where investment resources are scarce and the politics of rentierism are dominant over the politics of industrialisation, certain categories of investment, such as construction, are prioritised, while others, such as technology adoption, are left out of infrastructure development planning. More broadly, Egyptian-Chinese

cooperation on building an industrial park-port in the Suez region has contributed to the commercialisation of public land and the consolidation of a “real estate” approach to development, generating a new kind of domestic politics through the new forms of investment and revenue streams associated with infrastructure development (Goodfellow 2020).

The analysis below reveals that Chinese industrial park-port investments are geopolitically and politically complex, negotiated within assemblages of multiple situated actors and reconfiguring locations in geographically specific ways. As a result the projects have resulted in different modes of incorporation into Chinese circuits and the world economy, revealing a landscape of accumulation that is both dynamic and geographically uneven. Thus, prioritising the unintentional and unexpected effects of industrial park-ports, this paper responds to calls to examine the “kind of activity that [this model] stimulates beyond infrastructural functionality itself, particularly in terms of who is well positioned to maximise local benefits”. Such an approach can help to unveil emerging trends in contemporary globalisation beyond those that normative evaluations of such models are capable of capturing.

The remainder of this paper is divided into three sections. The first section explores the features of a new and evolving global infrastructure agenda and its associated discourses and practices. This section sheds light on both the rise of connectivity-driven infrastructure as a development need and the centrality of the state as “agent of transformation and development” (Alami 2022). The second section examines how the spatial configuration of the world economy is being rearranged specifically through the political economy of the BRI (Lesutis 2021, 7), then outlines the distinct features of infrastructure-led development with Chinese characteristics in the Middle East under the Belt and Road Initiative. The third and final section examines emergent networked geographies “envisaged through ties to the BRI” (Wiig 2019, 919). This section considers the range of actors undertaking Chinese projects and mediating spatial economic relationships in Egypt (Gu et al 2016; Liu et al 2020), the strategies they use to advance their interests and emergent forms of investment and accumulation, along with new kinds of politics that have materialised as a result.

1- The rise of connectivity driven infrastructure as a development need

In the past two decades infrastructure has risen as a key development priority on the agendas of international development actors and foreign aid donors, and subsequently on the economic planning agendas of national governments worldwide (Goodfellow 2020; Schindler and Kanai 2021; Schindler et al 2022; Wiig and Silver 2019). Across the globe, and particularly in countries of the global South, hundreds of global infrastructure initiatives have been documented, projects that are replicated and reproduced across vast and diverse geographies. These new global infrastructure configurations take a number of forms, from urban agglomerations and demarcated development zones to transnational infrastructure nodes and corridors, connected through networked mega-infrastructure projects and logistics networks spanning across several countries and regions (Kanai and Schindler 2019; Schindler and Kanai 2021; Wiig and Silver 2019).

The emergent infrastructure-led development drive has been underpinned by a deepening of centralised state planning, where national governments have taken a more active role in creating functional territories plugged into global networks of production and trade. Under this regime, the market-facilitating role of the state requires making available to capital economic rents in the form of incentives, public goods and services, and fixed capital assets.

Recent globally-oriented scholarship on networked global mega-infrastructure is particularly instructive in explaining as well as framing the proliferation of standardised infrastructural forms replicated by governments worldwide. Authors such as Schindler and Kanai (2021) have analysed in detail the emerging global consensus around the priority of infrastructure for economic development. The authors argue that after decades of neoliberal policy programs targeting prices and institutions within the international system, a newfound imperative towards 'getting the territory right' has stimulated a global-scale drive in fixed asset construction with the aim that of reshaping how places are connected to the global economy (Schindler and Kanai 2021, 44). As other authors have also noted, however, a newfound role of public-sector planning within the contemporary global infrastructure drive goes beyond the domestic objective of growing nationalist economies through the creation of vertically integrated industries (Gereffi and Sturgeon 2013, 342). Rather,

contemporary spatial planning aims to produce “functional transnational territories that can be ‘plugged into global networks of production and trade” (Schindler and Kanai 2021, 40).

Within the relevant scholarship, various authors have shed light on the prominent policies, institutions and hierarchal forms of knowledge implicated in the proliferation of globally networked mega-infrastructure. The present research identifies the World Bank as having played a leading role in solidifying a contemporary consensus in international development on public-private partnerships for the delivery of infrastructure¹. This includes efforts at scaling-up infrastructure for connectivity such as bridges, pipelines, regional energy grids, railways, ports, air ports, growth corridors, logistics networks and economic zones (Schindler and Kanai 2021, 44). But the literature on global infrastructure also discusses the variegated ways in which infrastructural projects unfold, remaining attentive to the relational dynamics of these systems to better understand how their visions become materialised across space and highlighting particular effects. Of relevance are studies on how the spatial configuration of the world economy is being rearranged through the global political economy of the BRI (Lesutis 2021, 7; Liu et al 2020).

¹ One influential study marking and aiding the re-emergence of spatial planning was the OECD’s ‘Regions Matter’ report (2009) which advocated for the adoption of a spatially-based approach to development alongside institutional reform. But perhaps the most influential report reflecting the move to re-spatialise development policy was the World Bank’s 2009 World Development Report titled *Reshaping Economic Geography*, which built on the ideas of both economist Paul Krugman and former World Bank chief Justin Yifu Lin. As a response to the conditions created by the financial crisis, the report provided a policy framework for economic integration to facilitate economic growth, which it claimed would eventually translate as convergence in standards of living. Embracing the tools of economic geography, the proposed framework focused on identifying lagging regions and determining priorities for policies to help integrate these areas. It identified three main spatial strategies to help regions improve integration with, and access to world markets: a continued focus on institutions and governance, connective infrastructure and targeted incentives. These elements formed the core of a spatial planning approach that would evolve to accommodate, as well as perform, further changes in the global organisation of industry.

Alongside reports articulating the logic of spatial growth the World Bank launched its Public Participation in Infrastructure database, a platform dedicated to diffusing, institutionalising and standardising technical, bureaucratic and regulatory procedures for state-led infrastructure provision (World Bank, no date). The database supports institutional decision-making on infrastructure by identifying and disseminating data, information and analysis on infrastructure provision to policymakers and other stakeholders. This includes guidance on the introduction of PPP institutions and administrative units that manage public procurement for more effective procurement of services and projects. Infrastructure benchmarking in both Public Private Partnerships (PPPs) and Traditional Public Investments (TPI), among other standardising and globalising practices, streamlines the procedures aimed at providing infrastructure that enhancing connective capabilities (World Bank, no date). Such measures have reinforced new models for Public Private Partnerships in port and logistics infrastructure.

This working paper builds on a growing line of scholarship that focuses on place-based experiences of China's overseas engagements under the BRI. The analysis paints a complex picture of China's networked infrastructure initiatives to understand how Chinese speculative visions become materialised and configured across space (Liu et al 2020, Mohan 2013 (b); Wiig 2012, 913), rather than either reinforcing the presumptions of critical theory or reproducing mainstream narratives rooted in an ideology of free market globalisation.

2- Globalisation with Chinese characteristics: Paradigm maintenance in China's overseas manufacturing and trade infrastructure initiatives

While the emphasis in networked infrastructure research has largely been on initiatives led by traditional development actors, urban studies and spatial planning scholars are increasingly engaging with the "planetary proliferation of cross-border infrastructure networks being built in the context of multipolar, competitive capitalist globalisation" (Kanai and Schindler 2019, 2). As authors have observed, there is an increasing congruence of interests between mainstream development actors and governments in the global South seeking to create enabling conditions for market-seeking capital. This has especially been the case since East Asian states began strengthening their financial reach and geopolitical influence through investment, lending and aid programmes (Wade 1996, 6). The leading rising global South economy is China, which has become the largest developing country investor and the world's fourth largest investor (UNCTAD 2022, 5). China is driving South-South flows (Poon 2014), and is also among the few Asian economies that have developed its domestic innovation capacity to the point of creating regional and global brand names and commercialising into new sectors (Wade 2012, 233).

As China's role in the global economy expands, Chinese reform-seeking policymakers have accelerated efforts that have been ongoing since the 1990s to increase Chinese participation in the international organisations, institutions and rules set up after World War II. After surpassing Japan to become the world's third biggest economy in 2010, China earned the third greatest percentage of votes in the World Bank and the IMF (Huang and Kurlantzick 2020). Over the past decade China has also begun taking a more active role in international policymaking, including efforts at establishing a multilateral legal framework for investment governance

during its presidency in the G20 in 2016 and under the auspices of the WTO (WTO 2017), while signalling its willingness to honour international rules and norms. Complementing China's increasing support for investment liberalisation are international efforts by Chinese government bodies to consolidate a multilateral consensus on global infrastructure development to drive global development and growth. In 2019 China's Ministry of Finance signed an MoU with a consortium that included the World Bank, European Investment Bank, the Asian Infrastructure Investment Bank and the Asian Development Bank to "promote infrastructure and connectivity" (Liu et al 2020; MCDF 2015).

Foreign investment facilitation and trade liberalisation on one hand, and the provision of connectivity-driven infrastructure on the other are the two main pillars of a mainstream economic globalisation agenda promoted by dominant development institutions in the global North. These policies have helped to create enabling spatial conditions for multinationals to operate with the aim of accelerating global investment, production and trade. As Chinese overseas development vision becomes increasingly aligned with the liberal market model for development, China's BRI projects are increasingly being contextualised through global processes of spatial-economic restructuring initiated by leading development actors in the global North (Alami et al; Liu et al; Mayer and Zhang 2020).

But despite growing evidence of the reproduction of liberal market practices and ideas in China's overseas initiatives (Mohan 2013 (a); Summers 2016) by focusing on the unity of discourse with free market institutions other crucial factors around China's global engagements are ignored, particularly as China and other emerging actors develop their own competing networks, plans and visions of global economic integration (Alami et al 2021). While acknowledging paradigm maintenance in China's global infrastructure drive, therefore, it is equally important to understand how the spatiality of global and national connectivity is specifically being shaped by the strategic and political economic priorities of the BRI (Mayer and Zhang 2020; Summers 2016; Wiig 2019).

Launched in 2013 by Chinese president Xi Jinping, the BRI is a global mega-infrastructure project conceived and built with the aim of increasing Chinese connectivity and cooperation on a transnational scale (World Bank 2019). The BRI involves two main components; a territorial belt that links China to central and south Asia and Europe; and a maritime silk road that stretches across the Indian Ocean, linking China to south-east Asia, east

and north Africa and the Arab Gulf stretching onwards to Europe. The initiative's spatial layout relies on the build-up of nodes interconnected through a network of transport and logistics infrastructure that supports maritime trade along this route. The geographically expansive program supports the development of infrastructure in over 70 countries and will directly affect more than 60 percent of the world's population (World Bank 2019).

In conclusion, the BRI's key objectives can be summarised as those of facilitating the export of excess capacity into infrastructure construction and industrial bases worldwide (Liu et al 2020) with the aim of increasing manufacturing productivity and expanding maritime trade.

China's industrial park-ports in the Middle East

The Middle East has become a major recipient of BRI flows in recent years. In 2021, out of 42 countries in 7 regions that signed BRI financial investment deals and contracts, a small number of countries in the Middle East received the largest share of BRI engagements. That year the Middle East claimed 33% of BRI engagements through investment and construction. In the first half of 2022 the Middle East accounted for 57% of all outbound BRI investment (Nedopil 2022, 8), establishing China as the world's largest source of investments in the region. With investment deals valued at \$5.5 billion, Saudi Arabia was the single largest recipient of Chinese investments in 2022, while Egypt and the UAE ranked among the top five leading destinations for Chinese outbound investments (Calabrese 2020).

Not only is China's engagement in the region significant relative to other locations, but the Middle East's share of total Chinese overseas direct investment continues to rise, despite a decline of BRI outbound investment and the contraction of Chinese construction worldwide. In 2021 Chinese investment flows to the region increased by an estimated 360% while the value of construction contracts increased by 116% relative to 2020 (Calabrese 2020; House Foreign Affairs GOP).

Thus far, China's relationship with the Arab Gulf states has been the backbone of its interest in the Middle East due to the Gulf region's ability to provide large quantities of gas and oil to China. In 2015 China surpassed the US to become the world's largest importer of crude oil, and with almost

half of its oil imports coming from the Middle East, Sino-Middle East energy cooperation has continued to flourish (Lons et al 2017). Energy cooperation includes oil and gas purchases (China is also a top importer of Qatari LNG) as well as the development of natural resource supplies needed to help fuel China's rapid growth and maintain its position as largest exporter of goods to the world.

In recent years however, it has become increasingly clear that energy security is no longer the only force driving China's relations with the region. With the launch of the BRI in 2013 Chinese activities in the Middle East began expanding into new frontiers and locations, and in the decade since China's relationship with the region has become much more multifaceted.

The cooperation framework for China's engagement with the Middle East under the BRI is outlined in two main Chinese government documents, the 2015 "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road", and the 2016 Arab Policy paper. In the latter document China's proposed initiative for jointly establishing the BRI highlights energy cooperation as the core with a strong focus on several other spheres, notably physical infrastructure construction and trade and investment facilitation. Three high and new tech fields, those of nuclear energy, space satellite and new energy, are identified as "breakthrough" areas. Industrial/production capacity cooperation is also listed as an important area of cooperation in the document (The State Council PRC 2016).

Following the BRI's launch, Chinese infrastructure construction contracts and investment flows began to increase dramatically in countries of the Middle East. These projects often lend themselves to the BRI's goal of connectivity, with emphasis on cooperation in such areas as transport, including railways, highways, ports and aviation, as well as energy and communications among other infrastructure sectors (The State Council PRC 2016). Notably, however, the industrial park-port model, the dominant physical form of the BRI has been a key area of joint BRI cooperation between China and countries of the region (Lons 2017). Industrial park-port projects are central to the BRI due to the ability of these nodal configurations to promote Chinese trade and economy worldwide, facilitating cooperation on investment, trade, industrial capacity promotion and energy, among other sectors. Significantly, industrial park-ports encourage the transfer of China's industrial capacity offshore and help to expand existing markets following decades of attracting FDI to facilitate

domestic industrialisation. In key locations for maritime shipping and trade such as the Middle East -a region of particular importance to the BRI due to its strategic location at the heart of global shipping routes- the focus has been on creating “‘trade hubs’ that combine port developments with investment zones, smart-city infrastructure, and manufacturing and logistics facilities” (Calabrese 2022).

Industrial park-ports have thus become central to Sino-Middle East cooperation and a key feature of China’s relationship to the region. In a centrally formulated plan announced by the Chinese government in recent years, a number of these initiatives were planned across vital locations with the aim of forming an economic chain linking China to the Gulf, Arabian Sea, Red Sea and Mediterranean. This layout was first publicised during the 8th Ministerial Meeting of the China-Arab States Cooperation Forum in Beijing in 2018. Chinese officials described cooperation with Arab states on "industrial park-port interconnection, two-wheel and two-wing approach" in reference to major industrial parks whose construction and operation would be integrated with major ports to forge "industrial park-port interconnections". The four focal complexes envisioned in this framework are Abu Dhabi’s Khalifa Industrial Zone, connected to Khalifa Port; Duqm Special Economic Zone Authority (SEZAD) connected to Oman’s Duqum port; Saudi Arabia’s Jizan port; and Egypt’s Suez Economic and Trade Cooperation Zone (SETCzone) connected to the al Sokhna Port in Suez (Ministry of Foreign Affairs PRC 2018; Fulton 2019). The promotion of industrial park-ports would be combined with plans to develop the rail networks of the Arabian peninsula and North Africa, among other cooperative fields for jointly building the BRI.

Egypt is among the top five destinations for Chinese investments in the region. The drivers and implications of Egypt’s involvement in the BRI through the establishment of a joint industrial park-port project with China are detailed in the following section.

3- The complex geographies of the BRI: Assembling the Suez Economic and Trade Cooperation Zone in Egypt

Egypt is one of China’s most important BRI partners in the Middle East region, with Sino-Egyptian relations touted as “a model of solidarity, cooperation, and mutual benefit under the leadership of the two heads of state” by Chinese government officials involved in the Initiative

(Devonshire Ellis 2022). Since the BRI's launch, the development of urban and trade infrastructure and the enhancement of manufacturing production have become the two main pillars of Chinese-Egyptian economic cooperation (Calabrese 2020). At the centre of current and planned cooperation initiatives is the Suez Economic and Trade Cooperation Zone, a 1.34 km² production area located in the third sector of the North West Gulf of Suez Industrial zone in Egypt's only Special Economic Zone, directly adjacent to the port facility of Ain al Sokhkna on the red sea coast. Since its launch in 2007, the zone has acted as an anchor of Sino-Egyptian cooperation, serving as a platform for further infrastructure projects in the country under the BRI.

The SETCzone predates the BRI, but over the years the zone has gradually come to serve as one of the Belt and Road Initiative's flagship projects. The SETCzone was established in 2007 by a local Chinese industrial zone developer, Tianjin Economic-Technological Development Area Investment Company (Tianjin TEDA), who had won a central Chinese government tender to develop a manufacturing park in Suez under a new Chinese overseas economic zone program in Africa. The Africa zone program was designed by central government agencies with the aim of channelling Chinese investments into global infrastructure projects that would encourage unbundling China's domestic industrial sectors (Liu et al, 5). The government of China hoped that overseas Chinese industrial zones would support the formation of agglomeration economies in competitive host locations and thus boost Chinese exports globally (Brautigam and Tang 2014; Fei 2017, 841). As an apparent pilot project for future initiatives, the Africa zone program has since been incorporated into emerging plans for connectivity and cooperation under China's Belt and Road Initiative.

The strategic location of the Suez region near the world's principle maritime connection and at the heart of key shipping and international trade routes has granted the SETCZone unique status among several similar initiatives taking place under the BRI. From the Chinese perspective a Chinese manufacturing and services hub located at the crossroads of the African and Asian continents would provide access to more than just the domestic Egyptian market, serving as both a headquarters and "bridgehead" for Chinese companies into both regional and international markets and supporting Chinese export capacity. Notably, a provision in the zone's regulatory framework that gives foreign exporters access to Egyptian Certificates of Origin allows Chinese companies to claim their products as

Egyptian and make use of Egypt's preferential trade agreements and international trade deals, thus boosting their exports internationally.

The launch of the SETCzone thus marked a new phase of Chinese-Egyptian relations, one in which both countries would begin readjusting their strategies to the realities of an increasingly decentred and integrated world economy. But progress on expanding the zone and channelling further investments into the Suez region remained slow until after the 2011 Egyptian revolution. Following the revolution decision-making began shifting to new parts of the state bureaucracy, old patronage networks were dismantled and new actors networks emerged in which foreign and Arab investments took the lead across a range of significant economic sectors (Adly 2017). During this period, which intersected with the launch of the BRI, Chinese actors began aligning their interests with those of a new Egyptian government around a common agenda of spatial connectivity and infrastructure-led development.

Precipitating this transformation was the capture of state power by the Egyptian Armed Forces (EAF). The military takeover of 2013 in Egypt and subsequent rise of former military officer President Abdel Fattah el-Sisi to power as president of the Republic widened the scale and scope of the EAF's intervention in civilian economic activity and political life. Under Sisi's presidency Egypt embarked on a new phase of domestic governance that combined global free-market reforms with centralised control over the economy, a strategy underpinned by spatial planning schemes to facilitate integration into global markets.

The militarisation of development in post-2011 Egypt

An emergent global coalition (Schindler et al 2022) of state military and market actors in Egypt was consolidated with the 2015 launch of a new government economic strategy that envisioned national megaprojects and large-scale infrastructure construction as the engine of development (Calabrese 2020). Under the military-backed government's strategic "Vision 2030" Egyptian authorities began to gradually implement a series of liberal legislative interventions that they hoped would attract new infrastructure investments into the country. These interventions included allowing the Egyptian Pound to float freely on the currency market in 2016; bringing the new law of investment into force in 2017; and implementing new cuts to fuel and electricity subsidies in 2018.

The Suez region figured prominently in the government's new program, and in 2015 Egypt's military-led government inaugurated the Suez Canal Regional Development Project (SCRDP) as a key element of its economic program. The SCRDP is an infrastructural megaproject focused on the economic regeneration of the Suez Canal axis as part of the Egyptian government's new strategy for generating economic growth (Ayyad 2022)². Upon the project's launch the Egyptian president issued Decree No.330 amending the SEZ law of 2003 with Law No. 27/2015, which placed the entire Suez Canal axis, an area of 461 km², under special jurisdiction with infrastructural and port development projects planned in several critical areas. The project's geographical scope covered the three governorates of the Suez canal, Port Said, Ismailia and Suez, with Ain al Sokhna slated to serve as one of two major integrated industrial and logistics hubs on the Suez Canal that would include industrial, commercial, residential and logistical activity (AMCHAM 2016; State Information Service n.d.)).

As Egypt began to experience an infrastructure boom, an emerging role for the Egyptian state as supervisor and facilitator of markets saw increased collaboration in different manners between the public sector and international capital. Meanwhile, the main priorities of Egypt's new economic strategy in Suez dovetailed with China's emerging vision for overseas development under the BRI, bolstering the SETCzone as a platform for cooperation on infrastructure construction and the enhancement of manufacturing production between the Egyptian government and its Chinese partners. The SETCzone was subsequently assigned high priority by the Egyptian president, and in 2016 a long delayed 6 km² expansion of the initial 1.34 km² park was announced, providing a renewed boost for the project.

The new Egyptian-Chinese economic cooperation framework gained further legitimacy following a visit by the Chinese president Xi Jinping to Egypt in January 2016. During the visit the Chinese and Egyptian heads of state

² The SCRDP vision is focused on infrastructure projects aimed at transforming Suez into an economic hub for the region and the world, and Egypt as a country with a pivotal role for logistic and commercial services. A general framework for the region's planning includes revamping ports, developing integrated transport and trade systems (including new container logistics terminals and high speed rail) and attracting foreign investments into the SCzone.

Among others, Saudi Arabia, UAE, Russia and China-based companies signed deals to develop projects in the region as investment opportunities opened in a significant areas of activity that included manufacturing and services, infrastructure, ports and logistics, maritime services and renewable energy (Ngage Consulting 2016).

signed a memorandum of understanding to boost cooperation under the BRI, positioning Egypt as a key regional partner in the project. The cooperation deal included 21 MOUs on infrastructure, energy and transportation worth \$15 billion, (DW 2016). Chinese policymakers have since moved forward on publicised plans to gradually integrate the SETCZone into the Sokhna deep-water port facility to form a regional and international manufacturing and logistics hub (Chine-Egypt TEDA Suez Economic and Trade Cooperation Zone promotional booklet, n.d.).

Land commercialisation as a strategy for global economic integration and feature of Chinese Egyptian cooperation

One of the cornerstones of the EAF-backed government's economic strategy is a heavy reliance on land commercialisation as a key driver of development and infrastructure construction. Land commercialisation involves selling land to developers, who provide added-value and sell it at a much higher price. "Underutilised" land is thus commodified and becomes a financial asset, and FDI inflows primarily represent a transfer of assets (often at an under-priced basis) rather than an increase in productivity, including in manufacturing cooperation initiatives. Over the past five decades these transfers have come to define the nature of Egypt's integration into global markets.

In a broader sense, the EAF's strategy of land commercialisation reproduces the rentierism of Egypt's wider political economy. Historically within this system, members of the state bureaucracy, including military institutions and groups, would utilise public resources to appease key constituencies while seeking rent income for themselves, doing nothing to increase the productivity of the economy³. Following the seizure of political power by the EAF in 2013, military companies and institutions responded in similar ways to rent seeking opportunities that opened up due to recent shifts in the country's economic orientation.

A primary source of EAF revenue in Suez is the rent accrued from granting use of state land, as well as leasing facilities, levying tolls on highways and quarries, providing specialised transportation services etc. The ability to designate the use of state land has long been a major source of income for

³ The misuse of privileged access to state resources is considered as part of a regime maintenance strategy of relying on the capture of income streams rather than designing strategies to increase productivity (Sayigh 2019, 2, 19)

the Egypt's Ministry of Defence (MOD). The MOD holds almost exclusive rights to license the use of state land in the Suez governorate (while across the rest of the country several other ministries share this regulatory jurisdiction with the MOD).

Land rentierism is not the EAF's only mode of operating. Alongside revenue generated from leasing state land, the EAF derives considerable income from lucrative public works contracts implemented or managed by EAF departments. The EAF is the favoured contracting partner for major contracting civilian/public entities (ministries and economic authorities) (Sayigh 2019, 9). Large public works projects in Suez are typically conducted by agencies and companies affiliated with the EAF, primarily Ministry of Defence affiliated bodies like the National Service Projects Organization and the Armed Forces Engineering Authority, which engages in civilian and military infrastructural projects (Attalah and Hamama 2016). Another source of EAF revenue from public works, alongside access by state-owned enterprises to lucrative infrastructure contracts, includes waiving fees for approving use of land in return for equity in joint ventures, and award of infrastructure, service and supply contracts to companies in which EAF agencies and officers have commercial interests (Sayigh 2019, 302).

Underpinning the EAF's involvement in both public works and land-use licensing is the managerial role its members play in the state bureaucracy. Since the era of Gamal Abdel Nasser, a military officer whose presidency began in 1956 and marked the beginning of Egypt's independence as a state, EAF officers have assumed senior positions in the state apparatus and in public sector companies. The privileged access of the EAF to positions of political and economic power allowed its members to form extensive military networks in the strategic bodies they control. Former air force officers head Egypt's civil aviation authorities and companies, former naval officers manage the maritime sector and the Suez Canal, and Egyptian army officers dominate ground transport infrastructure, construction, energy, mining and quarrying, telecommunications and public infrastructure and utilities, among other sectors (Sayigh 2019, 161-162, 317).

Enabling the EAF's rent-seeking activities, therefore, is the Egyptian military's access to state, as well as to economic power. The Ministry of Defence's formal hold over the Suez governorate, for example, has allowed the EAF to generate income from leasing and land-use, implementing or

managing schemes to develop and cultivate desert land and investing in national and international ventures (Sayigh 2019 7, 104). The Naval Forces' hold over the Suez Canal Authority (SCA), its subsidiary agencies and companies and most of the forty-three ports along the 2,420 kms of Egypt's coastline has allowed military-owned facilities to generate a steady income from contracts from service and support facilities for transit shipping (Sayigh 2019, 112).

Following the election of military-backed president Abdel Fatah el-Sisi in 2013, the EAF began to consolidate its role in the Egyptian economy by further infiltrating the state bureaucracy. In Suez the EAF established its authority to determine policy and regularity frameworks in the entire Suez Canal axis by seizing control over the Suez Economic Zone authority and bringing the designated Zone area under military governance. This has allowed the EAF to influence policy setting and investment strategies in the region while enabling insider practices to expand the military's influence in the civilian economy through privileged access to both state assets and the award of contracts (Darwish 2017). The scale of the new projects launched since has only strengthened the position of the EAF as the leading economic actor in the country, in turn intensifying the commercialisation of public land and military management of public contracts in the Suez region.

While the military is part and parcel of state formation in Egypt, the overarching logic of the EAF's economic activities appears to be focused on further reasserting the military's active political role in society. Looking to establish a new political status quo with the military at the helm, the EAF has sought over the past decade to enhance the domestic and international legitimacy of the country's military-backed government in various ways. This includes implementing an IMF reform program, seeking new financing partners, and expanding Egypt's orientation towards international business and trade. Strengthening economic ties with a range of regional and international powers has helped the EAF-backed government consolidate its grip on political power, fulfilling its territorial aims while generating opportunities for military institutions and their favoured partners to engage in rent seeking along the way.

The SETCzone as an anchor of Egyptian-Chinese cooperation under the BRI

Due to its proximity to the only maritime connection linking Africa and Asia to Europe, the SETCzone is China's most strategic infrastructure investment

project in Egypt and the planned nucleus of Chinese manufacturing production capacity in the Middle East and North Africa region. Thus far, the zone has attracted the highest concentration of Chinese investments per meter in Egypt (the largest Chinese project, the central business district in the New Administrative Capital, is financed by a loan by the Industrial and Commercial Bank of China rather than Chinese FDI). Industrial investments in the zone are expected to increase fivefold, from a present \$400 million according to some Chinese sources (\$1 billion by Egyptian and other Chinese estimates) to \$2.5 billion with the next stage of the project (DW 2016). The majority of these investments are to be based in the expansion area of the TEDA cooperation zone, sized at six km² and expected to attract about 150-180 enterprises with a total investment of 2 billion (Xinhua 2019).

Egyptian-Chinese cooperation in the SETCzone has acted as a springboard for wider cooperation around the BRI, and in doing so has granted select domestic Egyptian public and private sector companies privileged access to BRI contracts and revenue streams. As principle economic broker, the EAF has been positioned to play a key role in such projects. As noted, the EAF involves itself in civilian economic life directly from either licensing land use or undertaking public works, and indirectly through a network of retired EAF officers assigned to head strategic public sector bodies in the state apparatus (as well as SOEs and private firms) and ensure the bodies they manage comply with military expectations.

As the entity in charge of the maritime sector and the Suez Canal, the Egyptian Naval forces have been at the helm of recent collaboration on developing regional port interconnections between Egypt and China under both SCRDP the BRI simultaneously. The largest of these agreements are two deals between consortiums formed by the Chinese port operator Hutchison Ports on one hand, and the Egyptian Naval Forces on the other to establish and operate two container terminals in the ports of Sokhna and Dekhila with an investments of up to \$800 million (Ayyad 2022). The first agreement is between the General Authority for the Suez Canal Economic Zone and the Hutchison-COSCO-CMA consortium, and the second between the Alexandria port General Authority and the Hutchison-MSC consortium. The two agreements were conducted within a framework of directives issued by the Egyptian president towards implementing the Sokhna/Dekhila axis, a logistics project linking the Red Sea and the Mediterranean Sea. The broader objective of these initiatives is to position Egypt as a key strategic and economic hub for the region and the world

with a pivotal role in commercial and logistics services (Ayyad 2022). The axis development project also connects key points within the plan of the maritime branch of the BRI, linking a regional Chinese industrial base in Suez along Chinese shipping lines and international trade routes, and helping to support Chinese investments and boost trade.

Further port development under the wider BRI framework includes an agreement between the Chinese China Harbor Engineering Company Ltd (CHEC) on one hand, and a group of Egyptian companies on the other on constructing new logistic and industrial areas along the Suez Canal (Docks the Future n.d.).

EAF companies and institutions have gained additional leverage from a range of further Chinese investments in high-cost infrastructure projects outside the SETCzone but linked to the BRI. A review of these projects indicates that while BRI cooperation involves investments in port areas and maritime services along the initiative's maritime route, it also includes inland logistic and industrial facilities, and incorporates in its design integrated trade and transport solutions using multimodal transport services (Abu-alkhair 2022). Chief among these deals is an agreement with China State Construction Engineering Corporation (CSCEC) to sign a contract worth US\$3 billion to build the central business district of the new administrative capital 45 km east of Cairo, a project valued at \$45 billion (for the first phase with an eventual estimated cost of \$80bn) (GCR 2015). New transport solutions implemented under the BRI include a \$1.24 billion deal to build an electric train connecting the New Administrative Capital east of Cairo with surrounding new cities and industrial districts, including El-Salam City, 10th of Ramadan City, El-Obour City, Badr City and El-Shorouk City. The project is considered China's latest railway construction project in Africa and the first electrified light rail system in the continent, built in developed in conjunction with a number of other rail projects in Egypt (stretching from Suez in the East to Marsa Matrouh on the Mediterranean Sea coast in the west) with the stated aim of providing efficient commuter services to boost the country's industrialisation (Xinhua 2022).

The latter project is owned by Egypt's National Authority for Tunnels (NAT), a government agency under the jurisdiction of the Ministry of Transport. NAT contracted the project out to AVIC International Holding Corporation (CREC-AVIC INTL Consortium) and the consortium of China Railway Engineering Corporation using a loan provided by China's EximBank, while

all civil works were contracted out to Egyptian firms. NAT is currently headed by Chief Major-General Sherif Hassan (Transport minister Kamel el-Wazir is himself a former officer and former head of the armed forces engineering agency), and is implementing the electric rail project in cooperation with a consortium of SOEs and private enterprises that have become trusted partners in the construction contracting field. Among them are two companies affiliated with the Ministry of Transport, Orascom, Concord for Engineering and Contracting and Hassan Allam Holding. The private sector firms involved are aligned with the military and have been awarded a number of large scale construction and engineering projects (Harb 2022).

To summarise, the recent shift in Egypt's economic orientation with the large inflow of foreign investments in a range of strategic sectors and projects has enhanced the EAF's political role while affording the military establishment new lucrative opportunities for accumulation generated by its privileged access to state assets and ability to win public contracts (Sayigh 2019, 19). Much of the new activity in this respect has been concentrated in strategic geographical locations including the new capital east of Cairo, the Sinai peninsula and along the Red Sea coast, and the Suez Canal region, where plans are being implemented to transform the area into an international industrial, logistics and transport hub. The underpinning domestic strategy of land commercialisation and changes in land-use impact on land value, which is then recaptured by military actors and institutions and their private sector partners while doing nothing to address the underpinning conditions of low productivity and marginal levels of market integration in the local economy.

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