

Egypt Sets New Course for Economic Progress; Will It Join the BRICS?

by Dean Andromidas

Aug. 16—Egypt is joining the new economic paradigm emerging under the leadership of the BRICS countries—Brazil, Russia, India, China, and South Africa. Egyptian President and former Army commander Abdel Fattah al-Sisi, who was elected in June, is moving in the spirit of his famous predecessor, Egyptian President Gamal Abdel Nasser (1918-70), who was a founder of the Non-Aligned Movement.

In a matter of weeks, the new President has begun re-orienting his nation away from the catastrophic policies of the British Empire, and has embarked on the road to survival and economic development through expanding cooperation with Russia, China, and Argentina, and through the development of massive infrastructural, industrial, and agricultural development projects, including a “New Suez Canal.” Working within this new paradigm, Egypt could provide the leadership to save a region that is falling into a dark age. This is also the only way to defend Egypt’s sovereignty and heal its internal political rifts.

The shift in Egyptian policy can be witnessed in several moves carried out in the last few weeks: 1) boosting partnership with Russia; 2) beginning negotiations to join China’s New Silk Road policy; 3) joining in solidarity with Argentina against the speculators that are seeking to destroy it; and 4) launching crash programs to expand the Suez Canal and green the desert.

Diplomacy with Russia, China

After brokering a ceasefire in Gaza that stopped the slaughter of Palestinians, al-Sisi travelled to Sochi, Russia on Aug. 12, where he held a two-day summit with Russian President Vladimir Putin. The two leaders discussed economic, scientific, and strategic cooperation. In an official statement following the talks,



Russian Presidential Press and Information Service

Egyptian President Abdel Fattah al-Sisi is embarking upon bold new moves to revitalize his country.

Putin recalled, “The traditional friendship between our two countries dates back to the times of World War II. In the ’50s and ’60s of the 20th Century, thousands of experts helped Egypt to build plants and factories, to build the Aswan Dam, and to create an entire range of other facilities and even whole branches of industry, such as metallurgy. Many of those who now form the political, academic, and cultural elite of Egypt used to study at our universities. This is a good foundation for the development of comprehensive ties at the current stage.”

The two leaders discussed establishing cooperation between Egypt and the Eurasian Customs Union of Russia, Belarus, and Kazakhstan, as well as expanding Russian exports of grain to Egypt (Russia already supplies 40% of Egypt’s needs) and increasing Russian



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A Chinese freighter makes its way through the Suez Canal. China is now the largest user of the Canal, and is keen on expanding it.

imports of Egyptian fresh fruits and vegetables to replace now-banned European imports. A logistical center will be created on the Black Sea to handle these imports, and there will be Russian participation in free-trade and industrial zones in Egypt. Also discussed was Russian cooperation in the Egyptian nuclear power program, and gas and hydro-power development, as well as in space science. In April, a Russian rocket launched an Egyptian remote-sensing satellite into Earth orbit.

The Russian summit followed on the heels of a visit to Cairo by Chinese Foreign Minister Wang Yi on Aug. 3-4, who was carrying a message for al-Sisi from Chinese President Xi Jinping. While congratulating al-Sisi on his election to the Presidency, the message was also an invitation to join the new order now being created by China, Russia, and others.

Identifying Egypt as “a leading country in the Arab world, Africa, and the Islamic world, and a country that has traditional friendship with China,” Xi reaffirmed China’s strong support for Egypt’s economic development and for joint efforts to enhance mutual trust, promote high-level exchanges, and provide mutual support on issues of major concern.

Most importantly, Xi invited Egypt to join in China’s strategic conception of building the “One Belt/One Road,” which refers to the “Silk Road Economic Belt” and “21st Century Maritime Silk Road,” infrastructure

and trade networks put forward by Xi during his visit to Central Asia and Southeast Asia in 2013. President Xi wrote that this corresponds with Egypt’s strategy of national development, while Foreign Minister Wang urged bilateral cooperation in building up the Suez Economic and Trade Cooperation Zone, as well as in modern industries and agriculture, energy, infrastructure such as highways and tunnels, and aerospace and satellite technologies.

Xi invited al-Sisi to visit China, and the latter accepted, saying he would do so as soon as possible, and that he regards Beijing as an important strategic partner. He invited China to participate in several projects, including the Suez Economic and Trade Cooperation Zone, welcoming Chinese investment in these projects.

Solidarity Against the Speculators

Many of the projects that the Egyptian government is now discussing have been on the drawing boards for decades, but have been systematically blocked by the interference of the IMF and other predatory financial institutions. Thus, it is of enormous importance that President al-Sisi is taking on those institutions, which value money above real value, by joining Egypt’s cause with that of Argentina, the front-line state in the fight against international speculators.

On Aug. Argentina’s Telam news agency released a letter from al-Sisi to President Cristina Fernández de

Kirchner declaring full solidarity with Argentina’s fight against the speculators. The letter was in response to a June 26 letter from Fernández to al-Sisi informing him of the status of Argentina’s debt-restructuring process, on the eve of the vulture funds’ effort to drive Argentina into default.

Al-Sisi wrote, “We, in Egypt, are following with utmost interest the great efforts made by your friendly country to achieve your development, the firm policies and broad economic reforms...” The letter refers to “the speculative funds, which are an obstacle to the debt restructuring efforts made by the developing countries...”

“I wish to attest to the firmness and strength of the ties which unite our brother peoples, and the pride which we feel in the history of our common struggle since the establishment of diplomatic relations between our countries in 1947 in pursuit of freedom and independence.

“We assure you of our full support for your tireless efforts to achieve the well-being of the friendly Argentine people.”

A New Suez Canal

The most dramatic affirmation of the new paradigm taking hold of Egyptian policy, is the return to great projects in infrastructure, industry, and agricultural development, in a policy shift that recalls the heritage of President Nasser, who over a half a century ago nationalized the Suez Canal and build the Aswan Dam.

At a conference on Aug. 5, al-Sisi announced the construction of the New Suez Canal aimed at doubling the capacity of the current canal, in the first reconstruction of the project since it was built 145 years ago. He also declared his government’s intention to complete the Toshka Project, a mega-project in Egypt’s Western Desert,

FIGURE 1
The Suez Canal



<http://www.suezcanal.gov.eg/>

begun during the regime of ousted President Hosni Mubarak, of which less than 10% was accomplished during the last 15 years.

These two projects could begin to put Egypt on to the road of real economic development upon which the BRICS countries have embarked. The expansion of the Suez Canal links Egypt directly to the Silk Road Economic Belt, the Toshka Project will expand food production and create new agro-industries and thriving urban centers where empty desert now stands. While these projects alone are not sufficient, they will give the economy the momentum, and the people the hope for a better future.

The Suez Canal is the most important maritime link between Asia and Europe, and to the east coast of North America. The dramatic economic development of China has only enhanced its importance, with China currently the biggest user of the Canal. With new and larger container ships plying the seas between East and West, the Canal’s expansion has become a necessity, since it is now a bottleneck, where ships are experiencing costly delays.

On Aug. 6, within hours of al-Sisi’s speech, hundreds of bulldozers, dump trucks, and no fewer than 7,500 workers began digging the new canal. Bucking the bankrupt policy of privatization and foreign finance, al-Sisi announced that the first phase of the project, building the new section of the canal, will be financed solely by Egyptian citizens and constructed by Egyptian companies.

The specifications of the project are as follows:

Connecting the Mediterranean and the Indian Ocean via the Red Sea, the current canal is 162 kilometers long, but for most of its length, it is only 60 meters wide, allowing for only one-

way traffic. The new canal will in fact be a massive upgrade of the old canal to allow for two-way traffic and larger ships. The project includes digging the new 35-km canal that will parallel the old canal north of Lake Timsah and Bitter Lake; the section of the canal below these lakes will be widened for the length of 37 km.

The second phase of the Suez Canal Development Project includes the development a great industrial and logistical center in the 76,000 sq km (29,000 sq miles) bordering the canal. This will entail building several seaports in cities bordering the canal—Suez and Port Tawfiq in the south, Ismailia in the center, and Port Said in the north—in addition to a seaport in the South Sinai city of Nuweiba, and the development of Sharm al-Sheikh Airport. Six tunnels under the canal, with four designated for road traffic and two for railways, will be built at an estimated cost of \$8 billion. The completion of these tunnels will be key to developing the rail and road links between Africa and the Eurasian continent.

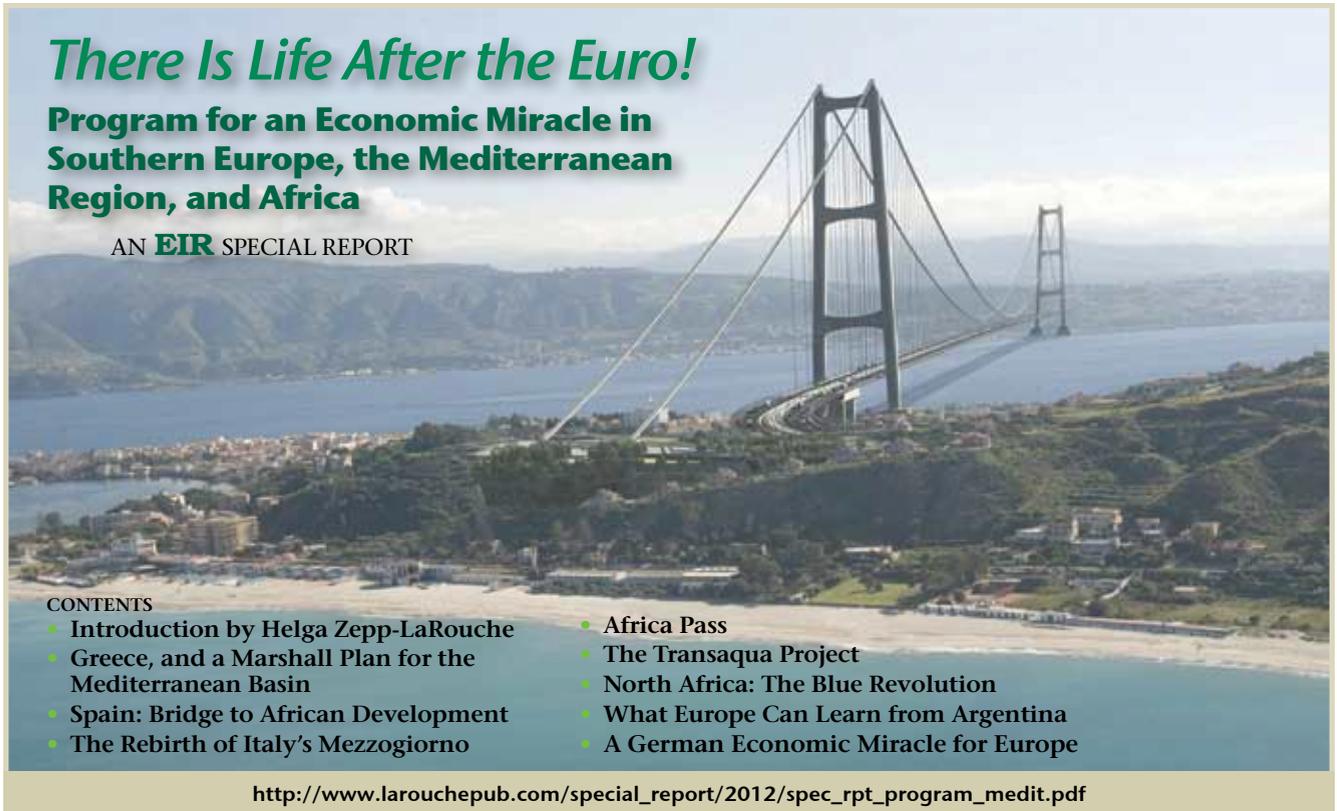
In addition, a “Technology Valley” in Ismailia and a new industrial zone west of the Gulf of Suez are planned.

Last month, in an interview with *People’s Daily*,

Egyptian Ambassador to China Mady Amer underlined cooperation between the two countries on the New Silk Road, which historically had its origins in Egypt; today, he said, there are “understandings” between the two countries for cooperation. He pointed to the “huge development projects in the Suez Canal area—200 km long on the two sides of the Canal,” which are now planned. As the biggest user of the Canal, he said, China is greatly interested in those projects. Chinese companies want to have storage, manufacturing, and transit areas for Chinese products.

The first phase of the project was originally to take three years to build, but al-Sisi has ordered it to be completed within 12 months. To speed things up, the Egyptian Armed Forces Engineering Authority has been ordered to supervise the construction. On Aug. 6, they started digging the new, parallel, canal, dividing the digging process among 33 specialized civilian companies and two Army battalions.

Phase one will be financed domestically and will involve no foreign investment or loans. In order to give all Egyptians the opportunity to invest in the project, the government will issue debt certificates to the general public (only to Egyptian citizens), denomi-



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The Toshka Project, showing the construction site (2010) of the syphon that will deliver water to desert areas.

nated in Egyptian pounds, which will be offered in three categories: LE10, LE100 and LE1,000, at a 12% interest rate. They will also be issued in U.S. dollars in multiples of \$1,000 at 3% interest. This will involve a coalition of Egyptian banks, private and state-run. These measures are expected to ensure that there will be no replay of 1956, when France and Great Britain, who owned the canal at the time, launched a war against Egypt when Nasser nationalized the Canal, despite the fact that his action was legal under international law.

The entire project will cost about 60 billion Egp-

tian pounds (\$8.4 billion), and officials expect the new canal to boost annual revenues from \$5 billion to \$13.5 billion by 2023.

Greening the Deserts

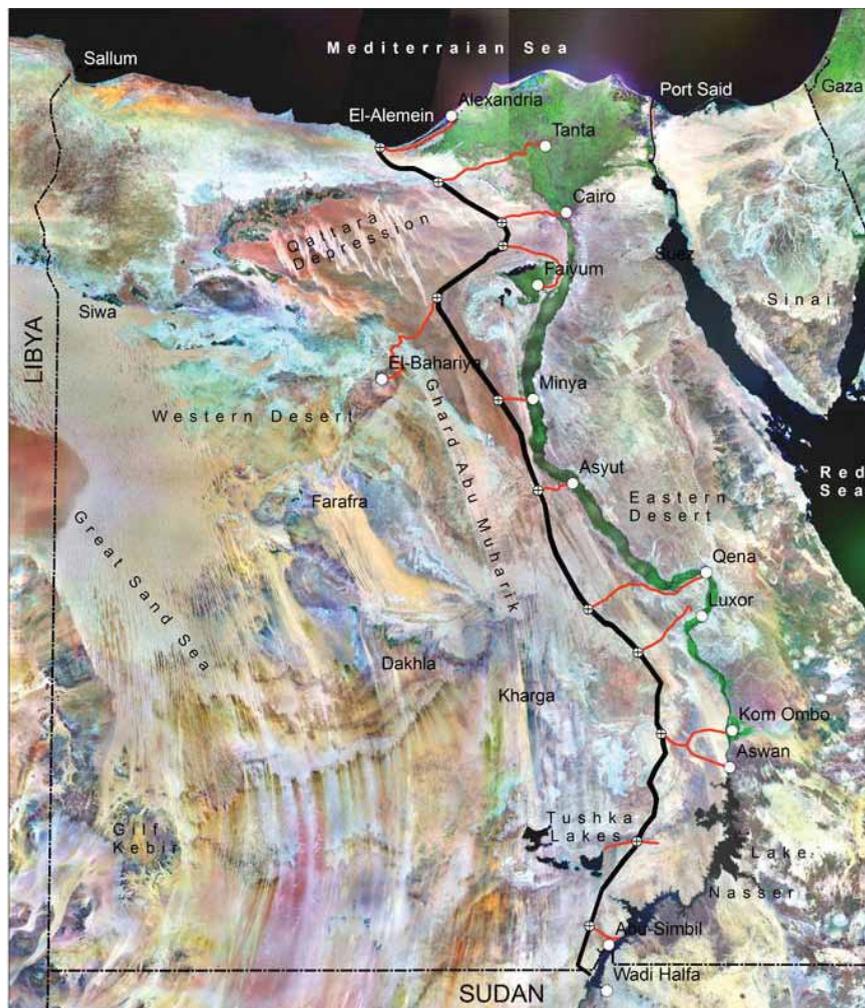
The second mega-project announced by al-Sisi, the Toshka, or New Valley, project, promises to green the vast wastelands of the Western Desert, the part of the Sahara Desert lying in Egypt. Begun in 1997, the project has yet to be completed due to lack of funding. It envisions bringing water from Lake Nasser, the lake formed by the Aswan Dam, into the desert through a system of canals. The massive pumping station was completed in 2005, but less than 10% of the rest of the project is finished. In July, Prime Minister Ibrahim Mahlab announced that the Toshka project was to be revitalized as a national development project.

Speaking during a tour of the Toshka region, Mahlab said that a thorough study will be conducted to reassess the project, which has cost

more than \$6 billion so far, and includes strong infrastructure and large road networks. Such a mega-project should not be neglected, he said. The government has an emergency plan to reclaim 1 million feddans (more than a million acres), including 103,000 feddans in the Toshka region alone. The Prime Minister said that this would enable Toshka to become a real urban community, and help revitalize the whole region.

The project includes the construction of a hospital in the region, as well as the development of residential areas.

FIGURE 2
Proposed Development Projects in Egypt



This map shows part of the development corridor proposal of Dr. Farouk Albaz, with a superhighway running west of the Nile from the Mediterranean to Lake Nasser.

Only Egypt Can Stop the Empire’s War Policy

President al-Sisi’s decisive shift, to bring his country into this new paradigm, identifies Egypt as the only country in Southwest Asia/North Africa that can take the leadership to stop the British Empire’s perpetual war policy, which is dragging the entire region into a dark age. Support must be given to al-Sisi if the region is to be rescued.

Key players in the region are expressing parallel ideas.

In a commentary entitled “New Strategic Momentum?” appearing in the Egyptian daily *Al-Ahram* (Aug. 13), former Assistant Foreign Minister Hussein Haridy identifies Egypt’s new leadership role. Written on the

eve of al-Sisi’s visit to Saudi Arabia, the author identifies the challenge facing the region from the Islamic State (IS) as one of the major threats to the region, which demands a profound change in political alignments; only Egypt is capable of pulling it off.

This destructive process began, Haridy writes, with the attempt to overthrow the Syrian government of President Bashar al-Assad by “regional powers” that are “responsible for the current situation.” The solution requires de-emphasizing the “sectarian aspect of the current confrontation raging from Lebanon to Syria and Iraq.”

He continued: “The role of Egypt in preparing the ground for the ultimate defeat of IS and other terrorist groups affiliated with al-Qaeda, whether operating in the Levant and Iraq or in North Africa, is of critical importance. In this respect, this role will be the balancer among various opposing forces in the region.

“Cairo is capable of shouldering that responsibility, based on historical precedents as well as the absence of sectarian or religious considerations in Egyptian foreign policy. The new Egyptian leadership has probably the political will to play this role, to facilitate a new Arab core al-

liance, strong and cohesive enough to deal effectively with the new existential threats facing the Arab state system.

“Of paramount importance in this endeavor is that Egypt and Saudi Arabia hold a common perception of what these threats are. This calls for a reordering of Arab foreign policy priorities in the region. A basic question is whether or not this can happen without the cooperation of the Syrian government.”

It is not hard to see how, with the necessary support, Egypt can contribute to defeating such monsters as IS and leading the region out from under the control of the Empire and into the new world that is emerging among countries of Asia, Africa, and Ibero-America.