
Suez Canal: China's Trade Flows Via The Suez



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With its strategic location and modern infrastructure, the Suez has been an attractive proposition for Chinese firms looking to establish a foothold in Africa.

China and Egypt's trade ties are expanding at a rapid pace as they build on their agreements and find new areas of co-operation and partnership.

Bilateral trade between the two countries rose 24% in the first seven months of 2018, compared to the same period in 2017, according to [Chinese customs data](#)¹.

Trade between the two nations hit US\$ 7.5 billion between January and July, with Chinese exports to Egypt reaching US\$ 6.5 billion, a year-on-year increase of 22.6%. Egypt's exports to the Asian giant jumped 34.1% to US\$ 1 billion.

The Egyptian-Chinese trade flows have steadily risen from just over US\$ 3 billion in 2006 to US\$ 11 billion in 2017, according to official data, as the countries forge an ever closer economic bond.

Last year, China remained Egypt's largest trading partner and source of imports, while the Asian country remains a key investor in the North African nation.

In addition, the number of Chinese tourists to Egypt hit a record high of 300,000 in 2017.

"Thanks to the joint efforts of both sides, we are delighted to see that the China-Egypt comprehensive strategic partnership has reached a new level," said [Song Aiguo](#)². Chinese ambassador to Egypt.

"The two countries also made promising progress in mutual exchanges and co-operation in the fields of science and technology, education, health and environmental protection," the ambassador added.

The Sino-Africa Link

In September, Egyptian president Abdel Fattah el-Sisi attended the [Forum on China-Africa Cooperation](#) (FOCAC)³ in Beijing, where he discussed the importance of creating a climate conducive to sustainable development, which can be achieved by adopting solutions offered by China's Belt and Road Initiative and Africa's Development Agenda 2063.

"President Sisi's visits to China reflect the importance attached by the Egyptian leader to the development of the China-Egypt relations," Song said.

The FOCAC Beijing summit focuses on the theme of: "China and Africa: toward an even stronger community with a shared future through win-win co-operation."

The summit will showcase China's Belt and Road Initiative, which dovetails with the Agenda 2063 of the African Union (AU), the UN 2030 Agenda on Sustainable Development, and the development strategies of respective African countries.

China believes its success with Egypt on the trade and investment front can serve as a template to be replicated in the African continent.

The Belt and Road Initiative aims to connect China to other nations via road, rail and sea links, reminiscent of the old Silk Road that linked Asia to Europe and Africa

Egypt and other African nations are a natural fit for the programme given their under-utilised, abundant natural resources, and requirements for capital investment and infrastructure development.

In 2019, Egypt will take over the presidency of the African Union, which should only fuel momentum and push the co-operation projects proposed by the Beijing summit.

Suez Canal

The development of Suez Canal is Egypt's version of the Belt and Road Initiative, as it envisions the expansion as a springboard for Egyptian products and as a gateway connecting eastern nations to the western world.

At the crossroads of Africa, Europe and Asia, the Suez Canal Zone spans 461 square kilometres (sq km) along the banks of the newly expanded Suez Canal. Strategically located on the main trade route between Europe and Asia, more than 8% of global trade passes through every year. Egypt aims to create logistics and manufacturing hubs along the canal to generate new

revenues for the economy and earn vital foreign exchange.

China, eyeing synergies with its own Belt and Road plans, has emerged as one of the biggest investors in the development of Egypt's Suez Canal Corridor.

Some of the major development projects include Ain Sokhna, a major industrial and logistics hub at the southern gateway to the Suez Canal, featuring port facilities, industrial zones, residential areas, and road and rail linkages to Cairo and the city of Suez. The 210 sq km space features 162 sq km dedicated space for manufacturing.

The area is designed to accommodate heavy, medium and light industries, as well as commercial facilities. Real estate development opportunities exist for building residential communities, while maritime-related activities include ship building and repair services, bunkering, vessel scrapping and recycling.

Indeed, China's [Tianjin TEDA Investment Holding Co. Ltd](#)⁴, which saw an early opportunity in Egypt, has welcomed new tenant factories since it established a joint Suez Economic and Trade Co-operation Zone in the Ain Sokhna district of the Suez Canal Corridor east of the capital Cairo.

Egypt is the Chinese investors' gateway to 26 African countries, allowing them to go through zero trade barriers and zero customs, according to [Egyptian officials](#)⁵.

TEDA is developing a 7.23-sq-km area at Ain Sokhna and has completed its first phase, which has attracted 68 enterprises, including Jushi, a fiberglass giant from China. The second phase of development began in 2016.

FOOTNOTES

[1] <http://english.customs.gov.cn/Statics/ffdb1c6d-c8c7-45d4-ba31-683a23c811ed.html>

[2] http://www.xinhuanet.com/english/2018-08/27/c_137422798.htm

[3] [http://www.sis.gov.eg/Story/135007/Speech-by-H.E.-President-Abdel-Fattah-El-Sisi-to-Forum-on-China-Africa-Cooperation-\(FOCAC\)-Summit?lang=en-us](http://www.sis.gov.eg/Story/135007/Speech-by-H.E.-President-Abdel-Fattah-El-Sisi-to-Forum-on-China-Africa-Cooperation-(FOCAC)-Summit?lang=en-us)

[4] http://www.xinhuanet.com/english/2017-03/16/c_136134254.htm

[5] http://www.xinhuanet.com/english/2017-03/16/c_136134254.htm

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