

منطقة قناة السويس للتعاون الاقتصادي والتجاري بين مصر والصين SETC-ZONE

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أصبحت الصين أكبر اقتصاد في العالم، وباتت 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 الشراكات 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، ولاسيما 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 " فى قمة بكين لمنندى التعاون الصينى الإفريقى فى نوفمبر ٢٠٠٦ عن اقامة صندوق خاص هو صندوق التنمية الصينى الإفريقى (الذى يشار اليه فيما بعد ب "صندوق كاد")، باعتباره واحدا من ثمانية اجراءات لافريقيا، وسيلبغ إجمالى مبلغ رأس المال للصندوق الكندي ٥ مليارات دولار أمريكي، حيث تم تمويل اول مليار دولار امريكى من بنك التنمية الصينى "بنك التنمية الاسيوى".

ومن الجدير بالذكر ان منطقة التعاون الاقتصادي والتجاري فى 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 صينى ضمن تلك الاستثمارات، وتنتظر المنطقة تخصيص مساحة جديدة بعد الانتهاء من المرحلة الاولى، والتي تضم نحو ٥٠ مشروعاً باستثمارات ٩٠٠ مليون دولار، منها ٣٤ مشروعاً خدمياً، 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 عالمياً فى 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 أساسى 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 فى 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 نسبياً للوصول إلى الموانئ على الحدود الشمالية والجنوبية والشرقية من البحر الأبيض المتوسط.

وتقترح الكاتبة انه لا بد من ارساء استراتيجيه جديدة للمنطقة الاقتصادية الخاصة بقناه 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.



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-



ginning, 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 FDI) 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**



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).



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 km² since the infrastructure and utility for plot 1.067 km² 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-



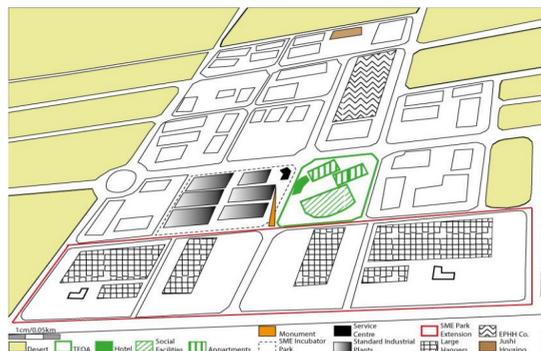
facturing industry, logistics, energy supply, transportation, exhibition and hotels.

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





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



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,



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.