

PUTIN IN CAIRO

Egypt Joins The BRICS Dynamic

by Hussein Askary

Feb. 15—The warm welcome offered to Russian President Vladimir Putin by both the government and people of Egypt, during his Feb. 9-10 visit to Cairo, and the bilateral agreements reached during the visit, show once again Egypt's determination to remain a truly sovereign nation-state with great, legitimate ambitions for progress and for securing its realm.

The Egyptian government under President Abdul-Fattah el-Sisi has taken visible steps towards the nation's physical-economic development, and is beginning to aid in reversing the terrible political and military developments that have devastated large parts of Southwest Asia and North Africa, thanks to geopolitical interventions of the U.S., Britain, NATO, and their allies in the region such as Saudi Arabia, Qatar, and the UAE. Egypt is also pursuing a policy of dialogue for economic development in Africa, especially with Sudan, Ethiopia, and other nations in the Nile Basin.¹

Nuclear Power Agreement

The most significant economic agreement reached during the visit, from the standpoint of moving Egypt onto the path of rapid development, was the one on nuclear power.

President Putin announced after signing a compre-

hensive agreement on Feb. 10, that Russia will help build "a whole new nuclear power industry" in Egypt. According to RT, Putin said Russia 'would contribute not only to the construction of a nuclear power plant, but also staff and scientific research.'"

In his press conference with Putin, President el-Sisi said that the two sides had signed a memorandum of understanding to build the first nuclear plant in Al-Dabaa. "We discussed today the possibility of cooperation in nuclear power engineering," Putin said. "If final decisions are made, they will relate not only to the construction of a nuclear power plant, but also to the creation of a whole new nuclear power industry in Egypt."

RT quoted Sergei Kiriyeenko, the head of the Russian nuclear power company Rosatom, as saying that under the new agreement, Rosatom "will build two reactors based on Russian technology." However, the contract signed between the two sides includes the construction of a total of four 1,200 MW units.

The new generation plant, Kiriyeenko said, will comply with "post-Fukushima" safety standards. Negotiations for the actual construction started the week after Putin's visit.

In a healthy nuclear power program, power plants that would offer the nation vast amounts of clean power, should be part of a larger industrial-scientific complex. That complex will be part of the total development of the nation's economy and labor force, as the nuclear

1. See EIR's four-part series (Sept. 5, Sept. 12, Oct. 10, and Nov. 21, 2014) on Egypt and East Africa's development, by Hussein Askary and Dean Andromidas.

research and development process permeates all aspects of the nation's economy, such as medicine, agriculture, and metallurgy.

In this author's proposal for "an Egyptian [Declaration of Economic Independence](#)," published in *EIR* immediately after the overthrow of the Muslim Brotherhood government in July 2013, it was recommended that Egypt approach Russia to help restart Egypt's nuclear program:

"Egypt has had a problem finding partners in the West to build the reactors. In the current situation, only Russia, China, and probably South Korea, would be willing to discuss these issues with the Egyptian government, and these possibilities should immediately be explored. Relaunching of the nuclear program should be made a key element of the new government's declaration of intention."

The Egyptian daily *Al-Ahram* quoted a Russian diplomat as saying that "energy is clearly an important issue for Egypt and we are committed to help." Egypt suffers from an acute energy shortage. Power cuts were a feature of Summer 2014 and continued well into the Winter. There is a desperate need to upgrade existing gas-fuelled power plants, which are in terrible shape, and to build new ones.

Trade, Investment, and Tourism

In addition to nuclear cooperation, el-Sisi and Putin signed a memorandum of understanding to facilitate trade and economic cooperation between the two sides. According to *Al-Ahram*, the two sides signed an agreement to establish a free-trade zone with the Russian-led Eurasian Economic Union (EEU), and a Russia industrial zone in the Suez Canal area.

El-Sisi and Putin also concluded an agreement for Russia to export wheat to Egypt, and to import Egyptian fruits and vegetables. A source at the Egyptian Ministry of Supply said that shipments "should be arriving by the Summer."

As reported earlier by *EIR*, Egypt has launched a massive national development project for the Suez



President of Russia

Presidents Putin and el-Sisi share a meal in the "Tower" in Cairo, Egypt's tallest structure, built in the 1960s by President Nasser. The two leaders reached a number of bilateral agreements, including Russia's help in building "a whole new nuclear power industry" in Egypt.

Canal region, including a new parallel canal to allow greater movement of ships, and major industrial zones, in which China primarily, and now Russia, are greatly interested. The New Suez Canal will be a key part of the Maritime Silk Route proposed last year by China's President Xi Jinping.

Although the Egyptian government has begun financing these projects through Egyptian institutions and citizens, there is still great need for foreign investment.

"The volume of Russian investment in Egypt has been limited and the trade balance favors Russia. The situation could improve if Russia opened its market to Egyptian agrarian exports," said an Egyptian official, according to *Al-Ahram*. Minister of Trade Mounir Fahkri Abdel-Nour held talks with Russian officials and the business community in a drive to promote Egyptian exports. According to one of his assistants, the talks identified "firm areas for cooperation in the near future."

According to RT, Russia and Egypt will promote a number of investment projects in various sectors, including the transportation, manufacturing, and chemical industries. According to Putin, there are already 400 Russian companies operating in Egypt and the two sides have agreed to expand opportunities for small and

medium-sized businesses in Egypt.

One important item on the agenda was an agreement between the Russian Direct Investment Fund (RDIF) and the Egyptian Ministry of Investment to enhance investment cooperation. RDIF is a \$10 billion fund established by the Russian government to make equity investments, primarily in the Russian economy. It is also a vehicle for Russian-Chinese cooperation. The head of the China Investment Corporation sits on the RDIF's advisory board. Kirill Dmitriyev, head of the RDIF, visited China in 2011, and negotiated the establishment of a US\$4 billion Russian-Chinese fund.

The RDIF will support the establishment of an Egyptian investment fund, according to another agreement signed during Putin's visit. The RDIF will provide wide-ranging advice to the Ministry of Investment, including expertise on setting up the fund, the co-investment model, management structure, and investment strategy. The RDIF will also provide support in attracting international investors to the fund, through its own experience in establishing partnerships with other sovereign funds. Dmitriyev, told *Al-Ahram* weekly that Egypt was a country with major investment potential in a number of sectors and one of Russia's key economic partners in the Middle East.

"The intended fund will attract international investment from countries other than the Gulf Cooperation Council (GCC) to invest in Egypt, as Saudi Arabia, the UAE, and Kuwait already have substantial financial investments in Egypt," he said.

Egypt intends to create its own sovereign investment fund in cooperation with the RDIF, following in the footsteps of other countries that have shown an intention to set up investment funds based on Russian experience, and to employ RDIF's co-investment model. "Through the new Egyptian investment fund, the government will put money in different projects, which will encourage foreign investors to seek partnerships with the government and to invest their money in Egypt," Dmitriyev said.



USAID

El-Sisi and Putin concluded an agreement for Russian wheat exports to Egypt, in exchange for imports of Egyptian fruits and vegetables. Here, Egyptian farmers exhibit the results of modern horticulture techniques which have increased crop quality and yields.

Bilateral trade between Egypt and Russia increased by almost half in 2014 over a year earlier, amounting to more than \$4.5 billion.

Dmitriyev said that agriculture would likely see the largest investment in the immediate future.

Russia and China will be two of the largest contributors and participants at the international Egypt Economic Development Conference to be held in Sharm el-Sheikh on March 13-15. At that conference (www.egyptthefuture.com), the Egyptian government is expected to present multi-billion-dollar transport, energy, industry, water, and agriculture projects to international investors.

One interesting aspect in the new agreements, which will outflank the U.S. and EU financial warfare against Russia and its currency, is the initiation of trade in the two countries' own currencies rather than the dollar or the euro. "The mechanism has already proved its efficiency, so I think it's only a matter of time before Russia and Egypt use the national currencies to settle bilateral trade. Egypt is our key trading partner in the region and the largest importer of Russian wheat. I'm confident that the implementation of the new settlement mechanism will help to intensify bilateral trade," Dmitriyev said.

Both Presidents also noted the importance of the

tourist industry, and expressed their willingness to develop cooperation in this sphere, as a record number of Russian tourists visited Egypt last year. Amer Mohamed, head of the Russian Department at Ain Shams Linguistics Faculty, says the increased number of students seeking to join the Russian Department in recent years is a reflection of the growing importance of Russians in the Egyptian tourist market. In the wake of Putin's visit, and the expansion of Egyptian-Russian relations, Mohamed now expects "even higher demand" for places in his department. Sherif Gad, director of the Russian Cultural Centre in Cairo, also reports higher demand for the Russian-language courses.

The Egyptian Red Sea resorts are a popular vacation destination for many Russians. According to Egyptian media sources, more than 3 million Russian tourists visited Egyptian resorts in 2014, up by 50% over a year earlier. Settling accounts in national currencies will create more favorable conditions for the millions of Russians who spend their holidays in Egypt, as the decline of the value of the ruble has led to reduced purchasing power for many Russians.

Political and Military Agreements

It is a correct and widely held opinion among sane strategic thinkers, that Egypt is the key factor in stopping and eliminating the threat of so-called Islamic terrorism, and stabilizing Southwest Asia and North Africa, which have become targets of that terrorism since at least the illegal 2003 U.S.-British invasion of Iraq, the invasion of Libya by NATO in 2011, and the foreign attack on the nation and government of Syria since 2011. However, Egypt alone will not be able to deal with that massive problem, especially as world powers such as the U.S., U.K., and their allies in the region are standing in the way of eliminating this threat, as they insist on pursuing regime change against Syria's President Bashar al-Assad, for example.

Before the overthrow of the Muslim Brotherhood government of Mohammed Morsi in June 2013, Egypt had become a host for the conspiracy against Syria. The Arab League, headquartered in Cairo, was run by Qatar and Saudi Arabia. Syria was stripped of its membership in the League, and the Qataris and Saudis placed the five-star-hotel opposition grouping, the Syrian National Coalition, in the seat belonging to Syria.

Without cooperation among Egypt, Assad's Syrian Arab Army, and Iran, there will be no end to the reli-

gious war raging throughout the region. Although it might be difficult to achieve, cooperation between especially Egypt, the largest Sunni Arab nation, and Iran, the largest Shi'a Muslim country, is essential to defuse the Shi'a-Sunni conflict provoked by Anglo-Saudi terrorist groups and religious institutions. It was during a visit by former U.S. Vice President Dick Cheney to the Saudi capital Riyadh in 2006, that the idea was hatched to create a Saudi-Egypt-Jordan "Sunni Triangle" to counter the alleged "Shi'a Crescent" of Iran, Syria, and Hezbollah in Lebanon. Egyptian analysts believe that the only reason the Saudi monarchy has financially and politically supported el-Sisi, is to keep Egypt inside this "Triangle," and to stop any rapprochement with Syria and Iran.

However, the intelligentsia of Egypt are no longer supporting the Saudi strategy, and see Syria's national integrity as important for Egypt's security and position in the region. This was clearly an important item in the discussions between Presidents Putin and el-Sisi.

El-Sisi met Putin in Moscow, first as Minister of Defense, and later as President, in 2013 and 2014. He received Putin's support for assuming the Presidency of Egypt, while the U.S. Administration still called el-Sisi's taking office "a coup." In both visits, el-Sisi discussed military cooperation and combating terrorism.

In Cairo, both el-Sisi and Putin underlined the importance of cooperation in combating terrorism. This, say sources on both sides, essentially means greater intelligence sharing, particularly when it comes to large groups like the Islamic State (IS), according to *Al-Ahram* weekly. As the two heads of state were discussing the war on terror, a series of bombs hit Alexandria, wounding ten civilians. An IS-allied group called Ansar Beit al-Maqdis has been carrying out terrorist attacks on both civilian and military targets inside Egypt.

The two leaders also discussed regional developments, with Syria taking up the lion's share of discussions. In his press statement, Putin said he had briefed his Egyptian host on the Jan. 26-29 Moscow talks between elements of the Syrian opposition and representatives of the Assad regime. El-Sisi, in turn, informed his guest of the outcome of the Jan. 18 Cairo conference, which sought to forge the basis for a political solution to the Syrian crisis.

"We agreed to coordinate our efforts. The problem is that though we work with the intention of somehow accommodating the Assad regime in a final political

deal, we don't go as far as our Russian friends do in trying to rescue al-Assad," said a concerned Egyptian diplomat.

"Egypt considers Russia a strategic asset in its pursuit of balanced foreign relations," el-Sisi said in his Feb. 10 press statement.

Moscow has, for some time, put the Muslim Brotherhood on the list of groups supporting terror, something the Americans are reluctant to do. Since mid-November 2013, tangible steps have been taken by Egyptian and Russian officials to bolster their military cooperation. Moscow has offered to sell sophisticated weapons to Egypt, including helicopters, MIG-29 fighter jets, air-defense systems, and Kornet anti-tank missiles. During his visit to Cairo, Putin symbolized the mutual interest in military cooperation when he gave el-Sisi an AK-47 automatic rifle as a gift.

A New Era in Relations

While Egyptian and Russian diplomats are not anticipating that relations between the two countries will reach the level of the Soviet-era relations of the 1950s and '60s, this visit is beginning a new era in relations that will affect the whole region. The Soviet Union helped build the Aswan Dam and dozens of industrial projects, such as steel plants and cement factories, that were key to the economic renaissance that was achieved under Egypt's greatest leader in modern times, President Gamal Abdel Nasser. Today, Egyptians see el-Sisi as a kind of reincarnation of Nasser.

Although no details were given about the military protocols signed between the two sides, Egyptian officials were very careful in indicating that the renewed relations with Russia were not meant to withdraw from strategic cooperation with the United States. Egypt wants to diversify its military and security affairs, so that it maintains its independence. However, U.S. policies pursued under President Barack Obama have caused a deep rift between Egypt and the U.S., to the extent that Egyptian politicians are warning that "the U.S. is risking to lose Egypt as a strategic ally."

On Feb. 12, Breitbart News published an interview



The Soviets helped to build the Aswan Dam, and dozens of industrial projects that were key to the economic renaissance achieved under Egypt's great leader, Gamal Abdel Nasser, shown here observing construction of the dam, ca. 1963-64.

with the Egyptian politician Moustafa el-Gindy, who played a key role in the uprisings against both President Hosni Mubarak in 2011, and Morsi in 2013. Gindy put the crisis between Obama's U.S. and Egypt in very clear terms: "Under Obama, American foreign policy in the Middle East assumed the Muslim Brotherhood in positions of power. When the Egyptian people threw the Brotherhood out of power, America's strategy was left in tatters. America is losing Egypt. We see how you treat Israel, who, for 50 years, was your closest ally. We see how you treat them and how you are now treating us. Russia and China see it too."

Gindy explained to Breitbart: "Look where Egypt took Putin. They took him to 'the Tower' [where Putin and el-Sisi had dinner together—ed.]. That was aimed at the Americans." Breitbart explained that the Cairo Tower was built in the 1960s by Nasser. The tallest structure in Egypt, it was partially built with \$6 million the U.S. had offered to Nasser as a personal gift to curry favor with him. But Nasser was insulted by the gift, interpreting it as a bribe, and publicly dedicated the funds to erecting the tower.

Gindy said the U.S. lost Egypt when President Obama and other American officials called the country's revolution against the Muslim Brotherhood a "coup." "A 'coup' does not happen with 40 million people in the streets," Gindy noted. "Coups happen at night, not during the day."

“Now, Obama calls our revolution a ‘coup?’,” Gindy asked. “I don’t understand this guy. One minute he’s good, the next minute he is evil.”

Gindy said a reshuffling of power was underway in the Middle East. Russia and China, he said, see the vacuum left by America, and are pouring into the region. “Russia is building Egypt a nuclear power plant,” he said. “They are offering us arms and the [United Arab] Emirates will write the check. Our trade will now be in rubles and Egyptian pounds, not dollars.”

“Sisi has gone to the Egyptian people, and in one week, they gave him \$60 billion to widen the Suez Canal,” Gindy added. “Not the World Bank. Not the IMF. The people have given him the money.” Gindy shrugged, “And you call it a ‘coup.’”

Meanwhile in Washington

While Egypt is building its economy with one hand, with the support of China and Russia, and fighting terrorism with the other, the U.S. Administration is doing its best to undermine that fight. According to U.S. media, top members of the deposed Muslim Brotherhood, whose organization has been declared a

terrorist group in Egypt and many other countries, are regularly meeting with State Department officials to discuss alleged crimes committed by el-Sisi’s government.

In one recent posting on Facebook by [Waleed Sharaby](#), a judge with intimate ties to the Brotherhood, a photo shows him posed in front of a State Department emblem, and in his picture caption, he writes in Arabic to his supporters in Egypt: “Now in the State Department. Your resilience is amazing!”, while making the four-finger sign, a symbol of the Brotherhood’s protests against el-Sisi’s alleged “coup.”

The Egyptian people and intelligentsia are acutely aware of the dangers threatening their country, and they don’t see the current U.S. Administration and institutions as a friend or ally anymore. However, they look with optimism toward the future, and are fighting hard to combat these dangers and build their country. Russia and China have shown that they are true friends of Egypt in times of distress. It is time for the U.S. and Western Europe to realize the importance of Egypt in the regional and global context. They also have to realize what the BRICS dynamic represents and join it, as Egypt has forcefully done now.

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