The Hegemonic Ambitions of the Belt and Road Initiative: Institutional Contexts in Egypt and Morocco

ADAM LAROUSSI and MAMOUDOU GAZIBO

Abstract: This article explores the national reception of the Belt and Road Initiative (BRI), comparing the cases of Egypt and Morocco. The aim is to find out whether the BRI promotes development in the target countries and, secondarily, whether it actually succeeds in enabling China to establish the BRI as a hegemonic standard in these countries by making them more dependent. To this end, we will explore in particular the impact of national institutional contexts in modulating its effects, and show two different trajectories. For example, Morocco, which has better institutional capacities, modulates the BRI to its advantage better than Egypt, which is on a trajectory of dependence.
Keywords: Belt and Road Initiative, standard, international law, integration, China, Egypt, Morocco.

Introduction

Launched in 2013, the Belt and Road is a vast economic initiative aimed at refocusing China on the world stage as a major economic, political, cultural and military partner.[1] Through the BRI, China claims to support a form of regional integration and development opportunities for partner countries, but above all that it unofficially aspires to become a standard likely to enable it to exercise a form of hegemony through the accession of target countries. While the BRI can be called a standard, it is nonetheless singular in its flexibility, its non-binding nature and the fact that states adhere to it for a variety of reasons, which are not solely linked to its economic efficiency. In this article we empirically explore the national receptions of the BRI, comparing in particular the cases of Egypt and Morocco, to find out whether the BRI promotes development in the target countries and, secondarily, whether it actually succeeds in enabling China to establish the BRI as a hegemonic norm in these countries by making them more dependent. To this end, we will explore in particular the impact of national institutional contexts in modulating its effects.

The two case studies were selected because they provide an excellent basis for a binary comparison; an approach that involves contrasting two cases that share strong similarities, yet diverge on one point. The aim is then to identify the factor or factors explaining this divergence.[2] The Moroccan and Egyptian states are relatively indebted to China in the region;

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their economic relations with China predate their integration into the BRI; and they are two Arab states whose economies were underdeveloped, undiversified, mono-sectoral and export-oriented at independence.[3] In addition, two key international trade gateways—the Moroccan Strait of Gibraltar and the Egyptian Suez Canal—are of major interest to China, which hopes to gain substantial benefits from concluding economic agreements with China.[4] Yet the BRI has enabled Morocco to effectively attract and benefit from Chinese investment, accompanying its economic development, while the expected effects of this initiative in the development of the Egyptian economy are mixed, with Egypt remaining dependent on external aid and credit to this day.[5]

We support the idea that institutional contexts have an impact on the development of BRI cooperation projects. We will begin by presenting our analytical framework, drawing in particular on some of the institutionalist literature on comparative politics. Second, we will look at the history of Sino-Moroccan and Sino-Egyptian relations, in order to highlight their particularities in the more specific context of their relations with the BRI. Third, by analyzing two elements (the nature of economic institutions and the nature of the state), we will focus on the institutional contexts of Egypt and Morocco, in order to understand how these contexts modulate the effects of the BRI and the relations these states have with China.

Literature Review and Analytical Framework

To understand the contribution or otherwise of the BRI to development, there are two main perspectives defended in the literature. The first is that the negative effects of the BRI are directly due to China's policy and the nature of its initiative. This position is defended by a very large number of authors.[6] The second argues that the BRI's potential depends more on China's partners, particularly their economic behavior, rather than on China itself. This position is supported by a small number of authors.[7]

The Importance of State Agentivity

Our approach is in line with the second perspective, which has been little explored in the literature. It focuses on recipient countries, arguing that the failure of development policies in some of China's partners is not linked to the nature of Chinese financing. Their nature is not sufficient to explain their over-indebtedness, which may stem more from the mismanagement of this financing by the partners rather than by the Chinese supply side. Moreover, China's non-interventionist approach has enabled African and Asian countries wary of global financial institutions and the United States to benefit from alternative financial sources.[8] Furthermore, according to this perspective, borrowing states should not be blamed for the failure of development policies promoted by China, as some of the most indebted states have often insisted on more financing and loans from China. As China is more flexible than financial institutions, it would naturally be favored by the most at-risk states. Thus, China's partners would be responsible for their own situation, and not simply victims of Beijing's predatory behavior.[9]

However, this perspective is not sufficient to clarify the responsibility of states in the failure of development policies initiated by China. Furthermore, it does not explain the root causes of

this financial mismanagement, nor the particular interest of these states in distancing themselves from their Western partners.

Consequently, a study of the institutional context could reveal relevant mechanisms to explain these states' attraction to the Chinese partnership. A step in this direction is proposed by Vangeli, who argues that some of China's partners could become locked into negative political and economic immobility due to the particular nature of the Belt and Road Initiative, based on the five principles of peaceful coexistence.[10] These principles are respect for the sovereignty of states, non-aggression, non-interference in the internal affairs of states, equality and reciprocity, and non-violent coexistence. However, his work fails to make the link between these principles and local contexts, since it does not delve into the agentivity of partner states in the rise of Chinese influence and the relations of dependence that might ensue. In view of these contributions and shortcomings, we propose to explore further the question of state agentivity. In this perspective, one of the recent leads comes from institutionalist literature, which has put forward the importance of institutional contexts and in particular the nature of the state as crucial to the success of economic relations, i.e. the ability of states to benefit from the relationship with China while minimizing its drawbacks.[11]

In the same vein, the literature has already highlighted certain characteristics of Sino-African relations. Thus, Mutai reveals that the BRI has multiplied agreements with politically unstable or economically underperforming countries, part of a strategy that appears increasingly opportunistic.[12] As a result, China is accused of funding neo-patrimonial African regimes in order to serve hegemonic purposes on the continent.[13] For example, McKinsey revealed in 2017 that between 60% and 80% of Chinese companies operating in Africa admitted to paying bribes in the course of their business. However, this avenue has been little explored empirically in specific contexts, notably in North Africa. The mobilization of institutionalist work could therefore enable us to better understand the current evolution of the BRI and the new Sino-African relations that have emerged in the context of this initiative. The hypothesis put forward here is that, in many respects, the political and economic effects of the Belt and Road Initiative are influenced by the institutional contexts of the North African states in which they operate. While it is likely that the institutional factor is not the only variable explaining the differences in the impact of the BRI between Morocco and Egypt, an analysis of this factor could open up new avenues of reflection that would help us to better understand the divergent trajectories of these two countries. To defend this argument, institutionalist work in comparative politics is placed in dialogue with the concept of state capacity and political hegemony.[14] Indeed, if despite material constraints, superstructures (which make for hegemony) and interdependence, the dominated can extricate themselves from domination, we need to investigate the mainsprings of this ability by turning to a model that allows us to show the agentivity of states and the variations in the effects of the BRI in Morocco and Egypt.

Institutions, State Capacity and Agentivity

The BRI remains a controversial initiative, due to criticism of its credit policy and its partnerships with countries whose economies are considered high-risk.[15] The national institutionalization of BRI partners, or the international institutionalization of the BRI itself, could eventually correct the vulnerabilities of this initiative and reduce the risks to which China

is exposed. Indeed, the creation of supervisory bodies lends credibility to economic agreements.[16] However, China has not created any bodies as part of its initiative, which remains fundamentally rooted in its traditional diplomatic policy.[17] The only existing forums are regional arbitration bodies, such as the China-Africa Joint Arbitration Center created in 2015 dealing with disputes around investment issues, which are limited, have no binding value, and have not yet been sufficiently mobilized for us to assess their effectiveness.[18] Moreover, China does not seek to encourage the institutionalization of these partners, by virtue of its principle of non-interference. Thus, the BRI has been accused of economic underperformance by Western observers in Asia and Africa.[19] This BRI underperformance in African countries could be explained by the lack of coherence of economic policies determined by cooperation agreements for the effective development of less institutionalized partners. More specifically, the differing economic performance of African countries in the BRI framework could be explained by their degree of institutionalization.[20] Indeed, economic institutions, whether national or international, reduce the risks of reversibility of the agreements reached and guarantee their continuity.[21] Crepaz in particular explains that international development projects are systematically influenced by institutional contexts, and that the more numerous and resilient the institutions, the greater the number of political and economic players with an impact on the conduct of government, and the greater the redistributive capacity of the state.[22]

Centeno et al. share a relatively similar argument and maintain that the state's institutional capacities are essential to fostering its development.[23] In their view, the state's level of competence depends on its institutional capacities, which themselves are strengthened when states promote political and economic freedoms, and not necessarily economic growth, as promoting only economic growth would increase inequality and hinder states' development potential.[24] Looking at the nature of regimes, Gandhi and Przeworski argue that autocracies based on weak institutions rest on a paradox that undermines their development, that of encouraging predation while needing a prosperous economy to sustain itself.[25] Levi shares a similar view, insisting on the biased nature of autocratic regimes, whereas the institutionalized and prosperous state requires a certain administrative efficiency, based on a legal-rational legitimacy and a relationship of trust between civil society and the sovereign authority.[26] Finally, Bellin explains that the degree of stability of Arab states depended largely on their institutional capacities during the 2011 revolutions.[27] While institutionalists maintain that economic norms aim to establish a coherent set of common rules shared by stakeholders, institutional architecture facilitates the achievement of convergent objectives while reducing uncertainty and facilitating the transmission of information. In short, it enables stakeholders to project themselves more easily into the future, and thus greatly encourages development.[28] As an economic standard, the Belt and Road Initiative aims to merge national territories into larger development spaces, facilitating economic, political and cultural interactions between states and China.[29]

Although institutionalist literature has identified general mechanisms by which institutional contexts can alter the quality of economic development, the literature does not seem to have taken sufficient account of the modulating effects of institutional contexts in the case of Sino-African relations. The avenues proposed by this literature are well subsumed by the notion of state capacity as applied to understand the possibility for states to implement

development-friendly policies. Among the many definitions, we have chosen that of Stewart and Rice.[30] They propose twenty indicators divided into four dimensions for measuring state capacity.

Figure 1: State capacity indicators

ECONOMIC	POLITICAL	SECURITY	SOCIAL WELFARE
1. GNI per capita, 2006 (World Bank, World Development Indicators)	**6. Government Effectiveness, 2006** (World Bank, Governance Matters VI)	**11. Conflict Intensity, 1992-2006** (Center for Systemic Peace, Major Episodes of Political Violence)	**16. Child Mortality, 2005** (UNICEF, State of the World's Children)
2. GDP growth, 2002-2006 (World Bank, World Development Indicators)	**7. Rule of Law, 2006** (World Bank, Governance Matters VI)	**12. Political Stability and Absence of Violence, 2006** (World Bank, Governance Matters VI)	**17. Primary School Completion, 2005** (World Bank, World Development Indicators)
3. Income Inequality, 2006 (World Bank, World Development Indicators)	**8. Voice and Accountability, 2006** (World Bank, Governance Matters VI)	**13. Incidence of Coups, 1992-2006** (Archigos 2.8 and Economist Intelligence Unit)	**18. Undernourishment, 2004** (Food and Agriculture Organization)
4. Inflation, 2002-2006 (International Monetary Fund, International Financial Statistics)	**9. Control of Corruption, 2006** (World Bank, Governance Matters VI)	**14. Gross Human Rights Abuses, 1992-2006** (Political Terror Scale)	**19. Percent Population with Access to Improved Water Sources, and with Access to Improved Sanitation Facilities, 2004** (World Bank, World Development Indicators)
5. Regulatory Quality, 2006 (World Bank, Governance Matters VI)	**10. Freedom Ratings, 2006** (Freedom House)	**15. Territory Affected by Conflict, 1991-2005** (Political Instability Task Force)	**20. Life Expectancy, 2005** (World Bank, World Development Indicators)

Note: For each indicator, the researchers sought to use the latest data available. Most of the data sources used were published in 2007, and most of the data were for the years indicated above. For more detailed information on data sources and the aggregation process see the "Technical Annex" (page 29).

Source: *Index of State Weakness In the Developing World*.[31]

For the purposes of this article, we will focus on just five indicators that are relevant to the characteristics of the states we observe in their relationship with the BRI, namely corruption, quality of regulation and/or government efficiency and stability/absence of coups (see parts 4 and 5 of the article). These indicators are essentially in dimensions 2 and 3. This choice enables us to remain consistent with an analysis that aims above all to understand the BRI as an economic development initiative that maintains a particular relationship with the institutional contexts of partner countries. This choice is also in line with the Africa Capacity Report by the African Capacity Building Foundation, a special agency of the African Union.[32]

Trajectories of Sino-Moroccan and Sino-Egyptian relations

By looking at the contrasting Sino-Egyptian and Sino-Moroccan relationships, we can better understand the potential of the BRI as a tool for development and/or hegemony in these two countries, and highlight the impact of institutional differences and the nature of the state on the direction of these two relationships.

China-Egypt Relations: From Diversifying Partners to Hegemonic Influence

While relations between China and most African countries have gone through three phases, Sino-Egyptian relations are singular. Egypt was among the first non-communist countries in Africa to receive aid from China at the Bandung Conference in 1955 and in 1956 China was quick to condemn Franco-British and Israeli actions in Egypt.[33] In 1995, the two countries signed an economic and trade agreement to reinforce the first trade agreement of 1985, which focused primarily on the development of bilateral trade between the two countries. This was followed in August 1997 by a new agreement to avoid double taxation and tax evasion, and the signing of a letter of intent on economic cooperation to encourage Chinese companies to invest in Egyptian businesses.[34]

The political aspect of these relations became more evident from 1999 onwards. In 1999, Egypt signed a strategic cooperation agreement with China that covered political, economic, parliamentary and cultural aspects.[35] At the time, Chinese Premier Wen Jiabao explained the term "strategic" at the ninth China-EU summit in Finland, arguing that cooperation should be long-term and stable.[36] In 2006, the two countries signed a memorandum of understanding and agreed to strengthen overall trade and investment cooperation with the aim of enhancing their economic relationship.[37] In 2009, Egypt hosted the China-Africa Cooperation Forum, becoming a central element and showcase for Sino-African cooperation.[38]

Moreover, cooperation between the two countries was not affected by the Arab Spring, which brought an end to the 30-year regime of Hosni Mubarak in Egypt in 2011. Sino-Egyptian engagement resumed after Mohamed Morsi came to power, organizing his first official visit to Beijing as early as August 2012. Subsequently, Sino-Egyptian relations were also unaffected by the fall of President Morsi and the rise to power of Marshal Al-Sissi in 2013. On the contrary, Sino-Egyptian relations were greatly strengthened in 2013, as the volume of bilateral trade increased. In energy cooperation, for example, Sinopec International Petroleum Exploration and Production Corporation, a wholly-owned subsidiary of Sinopec, bought a share of the assets held by the US company Apache Corporation in Egypt, reducing US influence in the Egyptian hydrocarbon market.[39]

Furthermore, Chinese leaders have stated that they want to include the Belt and Road Initiative in Egypt in the "Vision 2030" plan launched by Cairo in 2016, proposing in particular the construction of infrastructure in order to make Egypt a strategic partner for China and a cog in the BRI due to its privileged geographical position.[40] China has ranked Egypt among the top five destinations for business mergers and acquisitions under the BRI initiative.[41] It has injected nearly US$20 billion into the Egyptian economy in the form of loans, investments and development projects. These funds were mainly earmarked for the infrastructure, energy and

telecommunications sectors, dedicated to projects such as the development of the Suez Canal Economic Zone and the new administrative capital.[42]

China-Morocco: From European Exclusivity to Partner Diversification

Historically close to the United States and France, Morocco is now particularly interested in China, a historical partner of neighboring Algeria, with which relations are difficult.[43] This proximity to the West and rivalry with Algeria did not prevent Morocco from gradually forging economic relations with China before Rabat signed the BRI integration agreement in 2017. According to Nadia Rabbaa, Moroccan banks were the first in the Maghreb to move closer to the Asian giant.[44] One of the aims of this rapprochement was to support exports by the Moroccan phosphate industrial group "OCP" to China. Despite this rapprochement, Chinese companies are still few and far between in Morocco, unlike in Egypt. This can be explained by Morocco's high customs barriers, which limit their ambitions. Chinese companies are subject to the common Moroccan customs regime, i.e. a rate of 25%, which offers them no preferential treatment.[45] Here we can already see an initial institutional difference in terms of regulatory capacity compared to Egypt. However, some Chinese companies are present on Moroccan territory and have been able to obtain exceptional treatment under certain multiparty treaties, with a view to not harming Morocco's traditional partners. This is the case of the Chinese car manufacturing giant "Dongfeng" which has announced its establishment in Morocco as part of a tripartite partnership involving China, Morocco and France.[46]

Last but not least, telecoms giant Huawei has been present in Morocco since 2006, and has been expanding its presence in the Kingdom ever since. Its growing influence was reflected in 2015 by the establishment of its regional headquarters dedicated to the whole of French-speaking Africa in the Moroccan city of Casablanca. China has also invested heavily in Morocco's major infrastructure projects, notably the future Jerada coal-fired power plant, part of the $360 million financing for which is being provided by China Exim Bank, a Chinese banking company. However, along with Mauritania, Morocco is one of the few Maghreb countries not to have as well-developed economic and trade relations with China as the other countries in the region prior to accession. The balance of trade with China remains relatively even, thanks in particular to Chinese phosphate imports, which account for a significant share of trade with Morocco.[47] In addition, China has signed three strategic partnerships in North Africa since 2014, notably with Morocco, Algeria and Egypt, the latter two being comprehensive strategic partnership agreements. Also a member of the BRI since 2017, Rabat has further strengthened its cooperation with Beijing since 2022 with the signing of an additional document reinforcing their cooperation policies under the Belt and Road Initiative.

According to Moroccan Foreign Minister Nasser Bourita, annual bilateral trade has recorded a 50% increase from 2016 to 2021, rising from $4 billion to $6 billion. At the same time, Morocco has a debt of $1.030 billion with China, making it the most indebted North African country after Egypt (indebted to Beijing for $7.8 billion in 2022). In addition, nearly 10 billion euros of investment was proposed in Morocco by six Chinese companies in May 2024, including BTR New Material, CNGR Advanced Material, Gotion, Hailiang, Shinzoom and Tinci, to compete with their European and American rivals in the Moroccan electric car industry. As the leading car exporter to Europe, Morocco is a strategic partner for China, which is keen both to

increase its international influence in the renewable products market and to gradually oust Western economic powers from North Africa. China's entry into a market as strategic as Morocco's car industry underlines Beijing's growing influence in the Kingdom's economy. It's interesting to note that, although Morocco's economic situation was difficult in the 90s, its economy regained a certain vitality after the 2000s, and this vitality continued during the Sino-Moroccan rapprochement and Morocco's integration into the BRI. The strengthening of Sino-Moroccan cooperation was therefore not the cause of Morocco's economic boom, but it did not, in any case, accompany its weakening.[48] In light of this, it is important to consider the role of internal institutional factors in both countries in modulating the impact of the Belt and Road Initiative. The following will explore, on the one hand, economic institutions and, on the other, the nature of the state.

The Impact of Economic Institutions

By studying the Moroccan and Egyptian economic models, we can understand their responsibility in relation to the BRI and its development potential as a standard for economic cooperation. The literature argues that economic agreements are often counter-productive in economies whose markets are unable to absorb the economic effects of international cooperation standards.[49] Accusations made against the BRI thus minimize the responsibility of states in managing their underperforming economic policies.[50] A comparison of the Moroccan and Egyptian economic models could shed light on the responsibility of economic institutions in the development potential of BRI in the countries concerned.

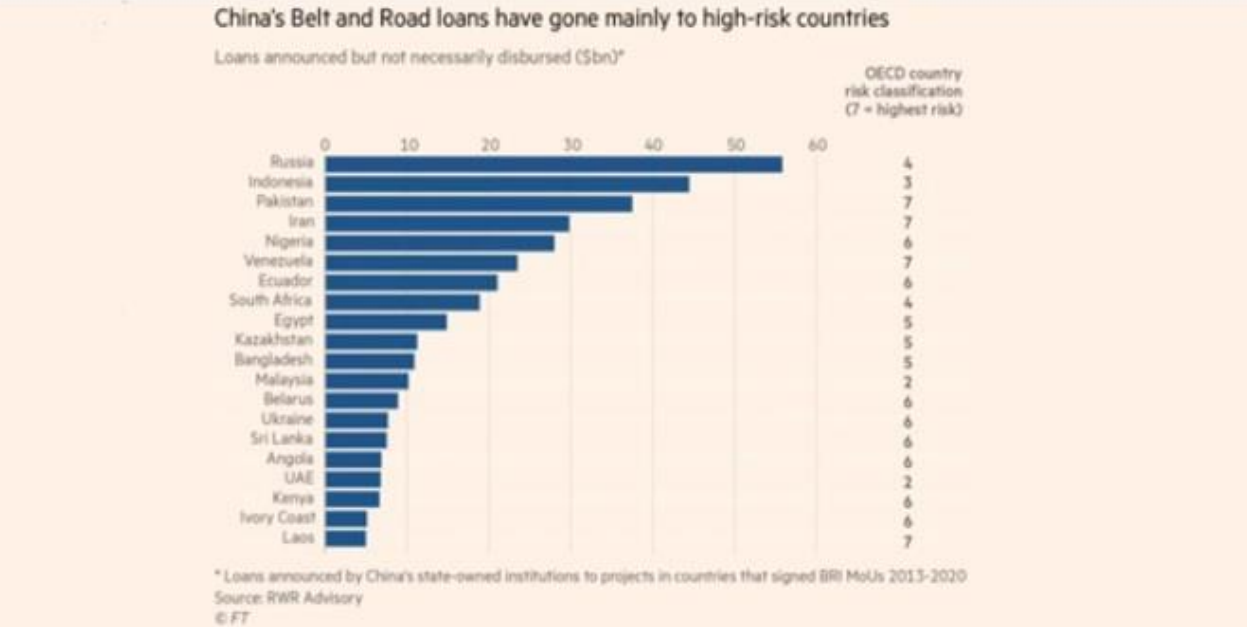
Egypt: A Market Atrophied and the Absence of Favorable Institutional Reforms

Egypt suffers from chronic economic problems, due to its economic model based on a private market with little resilience and autonomy, dependent on state policies and international loans.[51] In Egypt, the market is subordinate to the predatory practices of the army, which took power through a coup d'état—something that has never happened in Morocco—and is an institution constituting a veritable state within a state.[52] At the same time, China's trade volume with Egypt will reach $9.1 billion in 2021, putting it ahead of the U.S.[53] In this respect, China benefits from the uneveness in Egypt's trade balance. Egypt imports machinery and transport equipment from China, which have made up over 40% of its total imports since 2017. The remainder of Egyptian imports of Chinese products include manufactured goods at 33%, as these products are cheaper than their European and American counterparts. If the imbalance persists without any reform of Sino-Egyptian relations, the trade balance could continue to worsen.[54]

Even if trade and economic data lead us to believe that China is today a major partner for Egypt, the Egyptian economy suffers from certain characteristics specific to the BRI, reinforced by the weakness of the institutional context. Indeed, the nature of the initiative's financing is problematic, as the sustainability of loans to African countries depends in part on the productivity of the BRI projects themselves. However, the opacity of Chinese policy on its loan disbursements makes it difficult to assess the nature of these economic relationships.[55] Indeed, the BRI is special in that this initiative does not require reform on the part of its partners, under

the five principles of peaceful coexistence, and does not allow China to interfere in the internal affairs of states. In this respect, the BRI offers credit while accommodating local political practices, including lack of transparency, corruption, and institutional shortcomings, lending credibility to Western rhetoric denouncing the Chinese debt trap on the African continent.

Figure 2. Belt and Road Initiative loans go mainly to high-risk countries



Source: Financial Times, 2020.

By not requiring any market liberalization, China gives local regimes the freedom to use the funds received as they see fit, as long as economic guarantees (notably infrastructure concessions) and credit swaps are respected. This practice contrasts with that of the International Monetary Fund and the World Bank, which make loans conditional on structural reforms, thereby discouraging the detour of funds for purposes other than making these reforms possible in the first place.[56] However, the Egyptian system is based on an ailing command economy, based on a cumbersome system of subsidies, and on a social survival system based essentially on a policy of buying social peace, which aims to ensure that Egypt does not experience major political unrest, without however instituting rules to help the private market and its players to develop.[57] This system was inherited from the 1960s, the particular nature of Egypt's military regime and the country's demographic and political constraints. The liberalization policies undertaken in the 1970s by President Al-Sadat never really challenged this economic system, which had an impact on the competitiveness and vitality of the Egyptian private market.[58] In sum, the weakness of the Egyptian market fuelled by army predation, the alignment of China's economic projects with Egypt, particularly around the "Vision 2030" plan, Cairo's unsustainable debt and Egypt's trade imbalance with China could explain the vulnerabilities of the Egyptian economy and the mixed potential for BRI development.[59] It is

these particularities that explain why Egypt's cooperation with China and its results are so sensitive to institutional configurations.

Morocco: A Liberal and Dynamic Market

Morocco is considered to have a more competitive market and more promising growth than Egypt, due to both its low debt and its resilient economic market, which has demonstrated its ability to rebound and adapt to crises without the need for a systematic Egyptian-style policy of economic intervention. Thus, Morocco is characterized by one of the most liberal economies in the region, with a dynamic system based on a competitive private market.[60] In other words, Moroccan power is characterized by low state intervention in the economy, whereas Egyptian power is characterized by high military intervention in the economy. In Morocco, the market has been the driving force behind the economy since the major liberal reforms undertaken by Mohamed VI.[61] This is reflected in international rankings. In 2017, Morocco ranked fourth in Africa in terms of structural competitiveness out of a sample of 47 countries, gaining three points between 2010 and 2017, while Egypt was relegated to tenth place, according to Policy Center for the New South.[62] In sum, the autonomy, resilience and competitiveness of the Moroccan market, the localized and non-exclusive nature of Chinese investments, Morocco's relatively balanced trade balance and Morocco's sustainable debt could explain the prosperity of the Moroccan economy and the positive potential for BRI development in the country.[63] These particularities partly explain why Morocco's cooperation with China and its results appear to be sensitive to the institutional configurations of BRI partner countries.

The Importance of the Nature of States

The BRI is often accused of generating unsustainable debt in the states that have joined it, as China is said to engage in partnerships mainly with corrupt regimes which, in turn, are often associated with authoritarian and poorly institutionalized governances.[64] The level of indebtedness is, it should be remembered, one of the criteria used to measure a state's capabilities (see figure 1). Morocco and Egypt have been relatively indebted to China since 2013, but the forms and degree of this indebtedness are different. According to *International Debt Record 2022*, an annual publication of the World Bank, Morocco and Egypt are among the ten African countries with the highest external debts in Africa, with respectively $65.41 billion and $143.25 billion in 2021.[65] The question here is how the differences in capacity between Morocco and Egypt explain the different development potential of BRI in these two states, bearing in mind that authoritative work has highlighted Egypt's capacity weakness relative to Morocco, which seems to persist over time. Out of 141 countries, Rice and Stewart ranked Egypt and Morocco 78th and 96th respectively (1 being the weakest and 141 the strongest in terms of capacity).[66] Similarly, the *Africa Capacity Report* ranked Egypt as medium-capacity and Morocco as high-capacity in terms of its ability to promote development policies.[67] While Morocco was considered the 10th strongest country in terms of capacity, Egypt ranked only 41st out of 46 countries.[68]

Egypt: A Patrimonial, Authoritarian and Unstable state

China's desire to strengthen relations with Egypt must be seen in the light of the country's geostrategic importance to Beijing in the context of the BRI.[69] Indeed, despite its inefficiency and the institutional shortcomings that impair and hamper the Egyptian state, Egypt remains a crucial gateway to the African continent for China, and its Suez Canal is a vital waterway for the BRI.[70] For example, China has invested heavily in several infrastructure projects directly connected to the BRI in Egypt, notably around the Suez Canal.[71] In this respect, the Suez Trade and Economic Cooperation Zone (SETC), created in 2008 to enable Egypt to diversify its partners and foreign investments, has today become a key zone serving the BRI due to its location and logistical capabilities.[72]

While Egypt and China have signed several agreements on infrastructure construction and improvement, the partnership between Egypt and China is not limited to economic and strategic areas.[73] Both states have authoritarian characteristics and employ similar human rights policies. According to the 2023 Freedom Report by the NGO Freedom House, both countries are classified as "not free." Moreover, both countries have no hesitation in supporting each other when human rights violations are attributed to them internationally. For example, Egypt has given both tacit and explicit support to China's brutal policy against its Muslim Uighur minority. In 2017, for example, Egypt arrested nearly ninety Uyghurs, despite international appeals and condemnations from human rights organizations. Similarly, China has not denounced Egyptian President Al-Sissi's brutal policy against the Egyptian political opposition over the past decade.[74] In this respect, Al-Sissi sees China as a model to be emulated, since the Chinese model is characterized by a repressive authoritarian policy while standing out for substantial economic growth. However, unlike China, the Egyptian regime remains an authoritarian one with no real economic vitality, as the Egyptian economy has been facing a severe economic crisis in recent years, with high levels of inflation, unemployment, and a critical external debt. As a result, Cairo has an autocratic regime with little institutionalization and little inclination to include the country's diverse political and economic forces in governance. This situation reinforces neo-patrimonial practices, resulting in an increased presence of the military elite in all sectors of the Egyptian economy and hampering the country's development. In sum, concessions of economic zones, notably the Suez Economic and Trade Cooperation Zone, BRI accommodations with the predatory behavior of the Egyptian army, BRI alignment with costly political projects such as Vision 2030, and the appeal of the Chinese political model in Egypt contribute to weakening the Egyptian state and worsening its economic indicators and political stability.[75] These elements support the responsibility of the institutional context on the negative development potential of BRI in Egypt.

Morocco: An Institutionalized State

Corruption can have a direct impact on the development potential of the Belt and Road Initiative, particularly those involving major investment projects and financial loans. Indeed, this phenomenon undermines debt sustainability and increases the cost of investments for China, while reducing the benefits of these investments for the recipient state.[76] More specifically, it has been revealed that the quality and nature of institutions have a significant

effect on the destination, quantity and efficiency of international investments to BRI partner countries.[77] Corruption alters this institutional quality. Transparency International's 2023 Corruption Perception Index ranks Egypt as the 72nd most corrupt country in the world, while Morocco is considered the 83rd most corrupt. Morocco would therefore be the second least corrupt country in North Africa after Tunisia (93), while Egypt is considered the second most corrupt country in North Africa after Libya (10) and ahead of Algeria (76). The degree of corruption can have a direct impact on BRI's development potential.

Figure 3: Morocco and Egypt CPI scores, 2013-2024

Year	Morocco (CPI Score)	Egypt (CPI Score)
2024	37	30
2023	38	35
2022	38	30
2021	39	33
2020	40	33
2019	41	35
2017	40	32
2016	37	34
2015	36	36
2014	39	37
2013	37	32

This can be explained by the fact that Rabat has succeeded in cultivating strong institutions within the framework of the constitutionally-inspired monarchy established after 2011, and has managed to develop a highly resilient and dynamic political and economic institutional system since the 2000s. Morocco is thus characterized by a different conception of governance. The legacy of the monarchical regime and its rejection of attempts to politicize the army, which resulted in aborted coup attempts in the 1970s, pushed the Moroccan monarchical regime to maintain a civilian regime structured around the Ministry of the Interior, a body less politically and economically stifling than the military institution and therefore less willing to alter BRI's economic projects.[78] Moreover, civilian regimes are characterized by a higher level of concession

to other political factions and economic and civil actors. Indeed, according to Gandhi and Przeworski, non-military leaders have no pre-existing institutions on which they can rely, and must therefore found or take control of their own institutions to consolidate their power. As a result, non-military autocrats face a greater need for cooperation and concession than military dictators, which goes hand in hand with greater difficulty in monopolizing the financial windfall.[79]

This situation enabled Morocco to benefit from a relatively autonomous market, capable of a certain resilience and quite significant vitality in the 2000s, in the image of the Tunisian economy of the 1990s, which benefited from the same characteristics under the Ben Ali regime.[80] This Moroccan economic boom was reinforced by the process of political institutionalization that followed the Arab springs, and in particular the process of political openness initiated by King Mohamed VI in the wake of the 2011 protests.[81] This institutionalization process led to a parliamentary system controlled by the royal power, but with relative room for maneuver.[82] This process has enabled the Moroccan royal regime to offer an economic and political model that is both more open and more economically efficient than the Egyptian military regime. In short, the capacities of the Moroccan state remain superior to those of the Egyptian state, due to the non-military nature of the Cherifian kingdom, the vitality of its economic institutions, and its lower degree of corruption. In sum, the non-military nature of Moroccan power, Morocco's diplomatic autonomy guaranteed by the diversity of its international partnerships, and the resilience of the Moroccan model help to maintain the capabilities of the Moroccan state, support Morocco's economic prosperity and political stability, and enable Rabat to take optimum advantage of the BRI and its economic projects.[83]

Conclusion

The Belt and Road Initiative is currently the most important Chinese initiative in North Africa. This project has taken the form of investments or loans to states seeking capital, which are not conditional on structural reforms. We have argued that the institutional factor partly explains the success or failure of the development policies promoted by the BRI in Egypt and Morocco. By studying the case of Egypt and the elements that accentuated the country's economic deterioration, we can highlight the particularities of the BRI's relationship with institutional contexts. More specifically, the nature of Egyptian institutions does not prevent the BRI from generating more dependence and hegemonic domination, unlike those in Morocco. Beijing proposes a system of cooperation that does not concern itself with the internal affairs of its partners, as long as they do not practice protectionism that would harm its trade. Moreover, this policy of non-interference does not concern itself with the stability and viability of existing economic and political systems. For example, the BRI has regularly been denounced as a neo-colonial or negative initiative, because of the debt trap it feeds, and because of the hegemonic pretensions attributed to Beijing.

In this respect, China's relations with Egypt in particular would be better balanced if its political and economic institutions were stronger and more resilient in the face of pressure from the BRI. This position is supported in particular by theoretical considerations in the institutionalist literature on comparative politics, which have revealed the importance of institutions in the economic vitality of societies, in the capacity of states and in the development

of more balanced economic relations.[84] Moreover, unlike Morocco, which has been better able to put its partners on an equal footing, Egypt's growing dependence on China has serious implications for its relations with its Western allies, and in particular with the United States. Indeed, the USA identifies China as a major threat to its international interests. Consequently, Cairo's attempt to improve its bilateral relations with China may not be well received by Washington, leading it to question its support for the Egyptian regime, making it even more vulnerable to Chinese hegemony. Egypt's partnership with China could also set a precedent in the region, enabling Beijing to increase its influence in North Africa and the wider Arab world. Today, this influence is increasingly palpable in the Gulf, particularly in Saudi Arabia.

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