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THE GULF'S TAKEOVER OF CAIRO'S REAL ESTATE MEGAPROJECTS

ABSTRACT

One of the revolutionary demands of the Egyptian popular uprising in 2011 was for a more equitable city. Six years later, new community of actors defining Cairo's urban production and governance methods is little concerned with reducing the social gap in Egypt's capital city. In recent years, a redefinition of public actors and regional partnerships has modified investment practices. The real estate and construction markets in Egypt are prioritized by the state and attract capital. Gulf countries in particular have succeeded in reviving the property market in Greater Cairo, which had stagnated since 2011, through numerous loans, donations, and announcements of massive real estate projects. However, the progressive regionalisation of Cairo is not a sign of the market's openness to global financing, but rather a sign of the state's reinforcement of urban production.

INTRODUCTION

Since 2011, Gulf countries have become inescapable, not only as geopolitical partners, but also as privileged investors, particularly in the real estate and construction sectors in Greater Cairo. The United Arab Emirates and Saudi Arabia have provided extensive political and economic support to the new regime, which has ruled since summer 2013. While the images of numerous Egyptian companies have been damaged by corruption scandals, Gulf developers like *Emaar* or *Majid al Futtaim Group* have continued to wield social and urban influence. The Gulf is presented as an idealised model of urban modernisation and standardisation by the Egyptian government through real estate megaprojects, such as Capital Cairo. Gulf investors have become

dominant partners in the property market in Great Cairo. Furthermore, these economic and political actors from the Gulf States support the military, a new public interlocutor in Egypt, upon which real estate transactions in Cairo exclusively depend. The army's monopoly over the real estate and construction sectors allows for power to be extended to investors from various Gulf countries. These actors have redefined the Cairo real estate market, demonstrating that the state's withdrawal from urban production and the empowerment of the private sector in urban governance remain illusory. These political and international relationships build the façade of the Egyptian liberal transition. The case of Cairo also shows that the model of managerial and entrepreneurial governance in urban production is not universal. This article will first examine the way that various actors redefined Cairo's real estate and construction markets after 2011, and then examine the Gulf's influence on Cairo's urban planning.

THE RETURN OF THE STATE TO URBAN PRODUCTION THROUGH THE MILITARY

The overthrow of President Mohammed Morsi in July 2013 allowed Marshal Abdel-Fattah al-Sissi to lead the transition period before ascending to the presidency one year later. The growing importance of the army in urban production contradicts theories on the financialisation of the city (Baraud Serfaty, 2008; Harvey, 1989; Theurillat, 2011), which specifically mention the withdrawal of the state from urban governance.

The increasing importance of the military in urban production

Ahmad M., sales manager at the Egyptian real estate company SODIC, described the procedure to follow for real estate investors in Cairo: *"One should first go to the investment ministry to be sent to the 'housing' or 'tourism' department. Then it is time to buy the land. The construction can begin only when the company receives authorisation from the involved ministry. Sometimes market studies are made by private contractors at the beginning of the project, but this is not mandatory. The Ministry of Investment only advises on the construction standards in terms of size or buildable waterfronts. There are very few links between a real estate investor and the authorities in charge of urban planning during the process. Lastly, one of the most important pieces of advice comes from the Ministry of Security Forces. The magic word is always 'relationships!'"*¹ According to Aclimandos², the question of land was always central to the army and, today, the institution has become a major construction actor and the

1. Interview, Cairo, 16/05/2014.

2. Email interview, 30/09/2016.

monopolistic owner of lands around Greater Cairo. The new regime in place since July 2013 allowed the army to recover its financial health and to become the only interlocutor for major investments in Egypt, as a public actor also involved with private interests. Ultimately, the state seems to have asserted its leadership in urban governance partly through the military.

This leadership is summarized in the New Investment Law Number 17, issued in March 2015 with the launch of the Economic Summit, and revised in May 2017. The goal of this law is to attract private capital and to create a “one-stop shop” under government supervision for potential investors. The recent modifications are particularly interesting for foreign real estate investors specialised in luxury housing, as they allow for the transfer of profits abroad without any restrictions and with tax exemption for ten years, in order to revive real estate sector³. Moreover, amendments to the new law allow all parties to allocate land, rather than allocating it through the General Authority for Investment and Free Zones (GAFI)⁴. The army is thus authorized to sell land without any institutional intermediary. This reinforces the hegemony of the state, which can collect income from land concessions. The new Egyptian government is acting like a rentier state, using profits from private investments in Cairo's real estate and construction sectors for institutional and personal benefit. Since the economic crisis following the 2011 popular uprising, the sale of land in Greater Cairo has become a way to attract private investments. The financialisation of the city implies the progressive withdrawal of the public sector from urban production (Baraud-Serfaty, 2008). However, the Egyptian government seems to have remained central to the process, since the military is now entwined with the state.

The restructuring of the ruling community

The attractiveness of a metropolis is partly based on adapted urban policies and dynamic local systems of actors (Aveline-Dubach, 2008, p. 49). However, after 2011, numerous real estate contractors faced charges related to the fraudulent acquisition of land. The former ruling community, previously consisting in former president Hosni Mubarak's inner circle controlling the elite of the private sector (Gobe, 1999), has since been reorganised.

After the overthrow of Mohammed Morsi in July 2013, the new government reshuffled the ministerial team but some ministers remained from the former regime. The former president of the two bodies in charge of fiscal control and investment under Mubarak, Ziad Bahaeddine, was nominated in 2013 as Deputy Premier. That same year, Ahmad Galal, the executive director of the Egyptian Centre for Economic Studies funded by Gamal Mubarak,

3. Al Aeas, *Daily News Egypt*, 15/05/2017.

4. Ayyad and Fahmy, *Daily News Egypt*, 26/06/2016.

became Minister of Finance.⁵ This action was the first step towards consolidating an economic system based on corrupt interactions between governmental and private actors. It was followed by several cabinet reshuffles.

Moreover, the new Investment Law includes vague concepts enabling the misappropriation of public funds and the use of corrupt methods⁶. It also gives the right to any minister in charge to issue contracts in case of emergency by direct order. According to ex-presidential candidate and director of the Egyptian Centre for Economic and Social Rights, Khaled Ali, it was a clear signal of reconciliation with corrupt businessmen from the Mubarak regime, as well as a message to investors that contracts signed before 2011 would not be cancelled⁷.

Some of the businessmen close to the former regime, particularly in the real estate sector, have indeed had to pay a heavy price. In November 2015, the Attorney General received several complaints filed against businessman Salah Diab, his son, and other businessmen. They were accused of having bought lands located on the desert road between Cairo and Alexandria with funds from the Ministry of Agriculture. Public fund prosecutors led investigations of the New Giza real estate project and targeted Diab, his partners, and their investment company Sunset Hills for wasting public funds. Diab and his son were arrested and bank accounts belonging to Diab, his wife, and the father-in-law of the former president's son, Mahmud Al-Gammal, were frozen. The Egyptian stock exchange also froze his assets, as well as those of fifteen other businessmen⁸.

Nevertheless, some other businessmen close to the former Mubarak regime were given the option to erase the charges against them in exchange of a certain amount of money. In 2015, the government settled with the rich Sawiris family for a deposit of \$357 million. In August 2015, an official decision from the court lifted a travel ban on six Egyptian businessmen, despite a trial about illicitly acquired gains that had been on hold since 2011. One of these men was Madgy Rasekh, the father-in-law of Mubarak's son Alaa Mubarak. Rasekh was accused of misappropriating public funds with the help of Mubarak's former Minister of Housing, Ibrahim Salman⁹.

The Sissi government might try to resolve most of its outstanding disputes with investors, because these trials have a double cost: the decline of stock exchange values and investors' fear of meeting a similar fate. In addition, some of these trials allow the government to collect money, which is especially useful during the current economic crisis. The trials also answer popular demands. These reconciliations are also a way for the new regime to put pressure on a circle of private actors regarding any refusal of allegiance. The reconstitution of the ruling class is based on a strong and centralised

5. Al-Korachi, *Al Ahram Hebdo*, 23/10/2013.

6. Koppeser, *Daily News Egypt*, 06/05/2014.

7. *Ibid.*

8. Farid, *Daily News Egypt*, 21/11/2015.

9. *Ibid.*

governmental power and on private elite who play a fundamental role in the growth of the economy. Corruption allows for the reproduction of a power balance between the public and private sectors and reinforces the government's importance. Despite new legal measures, corruption and *baksheesh* practices remain essential to investment transactions in Egypt. The new regime reproduces the same scheme that was in force during the Mubarak presidency and produces only a neoliberal front.

Emergency partnership choices

The financial and political support of Gulf countries was fundamental for the Egyptian economy and the consolidation of new regimes. The following graph shows how much Egyptian growth suffered after the 2011 Revolution:

Figure 1. Egyptian Annual GDP growth (%) 2008/17

Source: World Bank

Loans and donations from Saudi Arabia, the United Arab Emirates, Kuwait and Qatar allowed Egypt to refuse several times since 2011 a loan worth over \$4 billion that was proposed by the IMF. The IMF loan was proposed in exchange for unpopular reforms, such as the removal of subsidies.¹⁰ Gulf country aid was delivered as loans, donations, and in-kind support, such as energy.

10. *Lettres économiques d'Égypte* from September 2012 to May 2017.

This aid was more appealing than IMF loan proposal and did not require major structural changes. Nevertheless, this support remained unstable and fragile.

The year following the 2011 Revolution was a year of transition. Many countries, Gulf countries included, provided support to maintain the health of the suffering Egyptian economy. Muslim Brotherhood candidate Mohammed Morsi was elected in 2012. Qatar became the main supporter of the new regime. The Qatari government loaned a total of \$8 billion and donated \$1 billion. It also promised to invest \$10 billion in a huge tourist complex near Alamein and \$8 billion in an infrastructure renovation project in the Port Said region. These projects were supposed to bring back investor confidence in Egypt, as well as to take advantage of the strength of the Qatari-Egyptian partnership, but they were never implemented.¹¹

After the overthrow of Mohammed Morsi in July 2013, negotiations between Egypt and Qatar halted amidst political tensions. In September 2013, Egypt repaid \$2 billion of aid to Qatar. Saudi Arabia and the United Arab Emirates led a coalition including Kuwait and Bahrain to propose \$12 billion of aid that summer, to be followed by more. However, the amount of disbursement was much lower although still relevant¹². These announcements reinforced the perceived importance of Gulf countries to the survival of Egyptian economy. For fiscal year 2013/14, the Egyptian Central Bank registered more than \$11 billion of Gulf aid.¹³ Egypt's total budget deficit fell to 12.4% of GDP (\$14 billion) in 2013/14, from 13.8% of GDP in 2012/13, according to a report from the Central Bank of Egypt. The report also indicated that total revenue of the budget sector (the administrative system, local administration and service authorities) amounted to \$22 billion in fiscal year 2013/14, while total expenditures reached \$35.5 billion.¹⁴

At the end of 2013, numerous conferences and economic agreements between Egypt and the Gulf coalition encouraged the reinforcement of economic and politic partnerships. The goal was to erase the accusations that had been levelled against some Gulf investors and to offer investment opportunities, as well as to remove barriers to foreign investment in Egypt. Nonetheless, Gulf aid dried up progressively after 2014 for both political and economic reasons. Loans and donations were replaced by Foreign Direct Investments (FDI). The following graph shows a significant increase of Gulf FDI in Egypt starting in 2014, particularly from the United Arab Emirates and Saudi Arabia. Qatar provided more FDI than Saudi Arabia in 2012/13, but decreased its FDI in Egypt following the overthrow of Mohammed Morsi.

11. *Ibid.*

12. *Ibid.*

13. World Bank.

14. Alsahary, *Egypt Independent*, 02/10/2014.

Figure 2. Foreign Direct Investments in Egypt from Gulf countries in million USD by fiscal year (2007-2016)

Source: Central Bank of Egypt

In 2016, the Egyptian government had to find emergency economic alternatives. Despite a slight economic upturn, the economy remained fragile. In March 2016, the government decided to devalue the Egyptian Pound in order to encourage negotiations with the IMF. At the beginning of 2017, the IMF provided a \$12 billion to Egypt, as well as an economic and financial support programme based on liberalisation and social protection reforms. Egypt is also targeting \$12 billion during the next three years from other creditors, such as the World Bank and African Development Bank.¹⁵

International aid from Gulf countries or from international organizations remains Egypt's leverage for growth. Egypt's dependence on international creditors is not new, but it significantly increased after 2011 and reinforced the rentier state management. When Gulf countries became less generous, the government turned to the IMF, after having refused the organization's initial proposal six years ago. These emergency alternatives are still following short or mid-term objectives. Gulf countries have become inescapable. They remain creditors who may potentially ask for repayment. They also are investors whose weight in the Egyptian economy is increasing, particularly in the real estate and construction markets, as well as political partners chosen by the new authoritarian regime.

15. *Lettre économique d'Égypte*, March 2016.

An authoritarian neoliberalism

The increased power of the army, the corruption of the ruling community and the dependence of the country on international aid after 2013 do not foster the liberalisation of the Egyptian economy. *Cairoobserver* blogger Elshahed (21/01/2011) denounced the façade of liberalisation: “*When the military is arguably the biggest land owner with no civilian oversight [sic] makes a direct and opaque deal with a developer to build an exclusive and gated community in the heart of the capital, this is not a free market.*” The economic openness initiated in the 1970s allowed for the transfer of wealth into the hands of a private sector elite chosen by the state, while the positive growth rates from before the revolution hid the chronic impoverishment of the majority of the Egyptian population (Hanieh, *Social Democracy*, 14/02/2017). The new regime produces the same economic line of dictatorial liberalisation as the Mubarak regime. Foreign capital is welcome but there is no freedom of investment, as investment is conditioned by the political network and corruption. The bureaucracy remains thick despite the recent new law.

The IMF has confirmed the supremacy of a central and authoritarian state.¹⁶ The macroprudential policy and the financial stability of Egypt are guaranteed by the Central bank, a predominant decision-making body. In Egypt, Bank activities represent the majority of the financial activities. This phenomenon makes the banks more vulnerable to economic cycle variations, due to the concentration of credit in sectors that are sensitive to economic cycles; this was demonstrated by the fall of the touristic sector after 2011. Liquidity problems, credit concentration and sectoral sensitivity are the main risks for Egyptian banks. Their growth is also limited by the lack of reforms implemented since their privatization and the arrival of foreign banks in the country.

Paradoxically the limits of Egyptian economic development guarantee the continuity of the former neoliberal system for the new regime. The reforms undertaken following the World Bank’s recommendations through the new Investment Law seem to promote the withdrawal of the state, more economic openness and the simplification of procedures. And yet, the “one-stop shop” system is very similar to a trading post held by the Egyptian government to welcome foreign investors in order to multiply investments. Hence the state is the only decision-maker for major economic strategies: whether to accept or refuse further negotiations concerning the IMF loan, to turn to some creditors rather than others, to privilege some investors depending on their provenance and their political and economic support, or to pursue charges against some investors rather than others. Moreover, the new regime enlarged the national economic and political elite to Gulf investors whose companies are partly or totally financed by their states. The founder and president of Emaar Properties,

16. *IMF Working Paper*, 2016.

Mohammed Alabbar, is not only a businessman, but also a close advisor to Sheikh Mohammed bin Rashid Al Maktoum, ruler of Dubai. The United Arab Emirates government owns 32% of the company.^{17,18} The companies of the Al Futtain family, related by tribal and marital links to the ruling family of Dubai, the Al Maktoum family, supported the country's development, even before the discovery of hydrocarbons.¹⁹ Qatari Diar is a company from the sovereign fund of Qatar.²⁰ Thus these investors provide the Egyptian ruling community with the political support of their states and the economic power of their companies.

THE IMPORTANCE OF THE GULF IN THE URBAN PRODUCTION OF CAIRO AFTER 2011

The excellent relationships of Gulf investors with the Egyptian government after July 2013, and the increase of Gulf FDI after 2014 gave these businessmen the opportunity to play an important role in the growth of Cairo's real estate and construction sectors. The increased importance of these actors in urban production also influenced the urban planning of Cairo. Can we talk about a progressive internationalisation of the Egyptian metropolis when the financialisation of the city remains in an early stage (Sims, 2010, p. 148) due to the façade of the Egyptian economy's liberalisation and the weakness of financial activities?

Cairo's real estate and construction sectors and some promising markets

The construction of real estate projects in Cairo is a way to create employment, as well as new urban economic centres such as malls, compounds and hotels. The real estate and construction sectors are closely connected and major real estate and construction investments in Cairo promote a modernized view of the country in order to attract more investors. While space is lacking in Cairo, desert lands around the city are blank areas up for conquest by developers. These lesser-value areas would be valorised by their investments; however, once a project has been completed and become a part of urban territory, there are fewer possibilities for creating land value and employment. This is confirmed by Ahmad E., former banker and businessman, who said:²¹ *"When land is bought in Egypt, it is forever, regardless of the buyer, except for the lands bought in the Sinai. The problem in this sector is that it doesn't create long-term employment. When the project is built, there is*

17. Reed, *Bloomberg*, 22/06/2014.

18. Boyle, *Forbes*, 17/09/2014.

19. Belkaïd, *Afrique Méditerranée Business*, 18/07/2014.

20. *Reuters*, 03/10/2012, consulté le 25/04/2017.

21. Interview, Fifth Settlement, 06/19/2014.

nothing else to do." After a decline of around 3 to 4%, between 2010 and 2012, the annual growth of the construction sector reached 11.2% in 2015/16 according to the French Embassy's economic service.²² This sector became the primary engine of the Egyptian economy, ahead of the Information and Communication Technologies (ICT) sector. It attracted \$580 million of investments in 2015/16, which represent 3% of total investments and 5.4% of GDP. It employed 13.6% of the labour force, or 3.5 million of people. Despite the increase of residential and non-residential demand from the Egyptian population, the progression of the market growth has remained limited by heavy bureaucracy and the dependence on imports.

Based on data from the Central Bank of Egypt, the following graph shows the GDP of the construction sector at factor cost has increased constantly, whereas the GDP of the real estate sector increased significantly starting in 2012/13. Nonetheless, this data contradicts the conclusions of the French Embassy's economic service on the evolution of the construction sector. Surprisingly, the development of the GDP of these two sectors is not following the development of Egyptian growth shown previously. The post-2011 economic crisis does not seem to have had a direct impact on these sectors. This might be partly due to the change of reference prices between 2010/11 and 2011/12. However, data related to Egypt is difficult to verify.

Figure 3. GDP of real estate and construction sectors at factor cost in million Egyptian Pounds (2007/11: 2006/07 prices; 2012/15: 2011/12 prices)

Source: Annual reports of the Central Bank of Egypt

22. *Lettre économique d'Égypte*, February 2017.

Some individuals deny the constant increase in real estate sector revenues. The executive director of an Egyptian real estate company based in Cairo, Mohammed Hassan A., explains his vision of market fluctuations after 2011 as follows:²³ *"The real estate sector is the sector which suffered the most after the Revolution. Before 2011, real estate investments were for stupid people who were unable to do business. These investments were easy investments. The problem is that after the revolution there was a liquidity problem. People could not pay anymore and companies did not want to collapse. This situation caused the stagnation of the market. Everybody was waiting for the prices to fall. This sector became healthy again thanks to Arab investments."* Researcher Randa A.²⁴ used the term "hysterical speculation" to describe sales in Uptown Cairo, a compound project in Cairo launched in 2006 by Dubai-based Emaar. Real estate companies from Gulf countries are omnipresent and benefit alongside Egyptian companies from the recovery of the housing market. After a break following the transitional period post-2011, the construction process continued. Emaar sold all the houses, villas and apartments of several "villages" in Uptown Cairo, and Marassi, a project started in 2008, before total completion. Majid al Futtaim Group, an Emirati company, has also completed the construction of its retail and real estate project in Fifth Settlement, Festival City, started in 2008.

In theory, real estate megaprojects make their own financial balance, which leads to few risks and assured solvency (Lorrain, 2011, p. 110). These conditions are commonly met in industrialised countries, but not necessarily in emerging countries. Political stability is also a condition for reducing risks and attracting FDI. It is surprising that shortly after major economic and political upheaval, the real estate and construction sectors were considered by investors to be safe. By announcing real estate megaprojects and massively investing in Cairo's real estate and construction sectors, Gulf companies have played an important role in the diminution of risk, as a kind of gamble on the future. *"The Gulf is a brand name which builds confidence in the Egyptian real estate market,"* said architect and professor at United Arab Emirates University, Khaled Adham.²⁵ In theory, the responsibility of risk is partly borne by the private sector, allowing for the state's progressive withdrawal from urban production (Baraud-Serfaty, 2008). However, in Egypt, the assumption of risk is partly absorbed by a regional private sector in a political and economic bet. In the real estate and construction sectors, the Egyptian state became dependent on the private sector of Gulf countries, mainly the United Arab Emirates.

23. Interview, Cairo, 14/04/2014.

24. Interview, Fifth Settlement, 14/05/2014.

25. Interview, Paris, 16/10/2015.

Arabtec's social housing megaproject on hold

Are these Gulf megaprojects a real success? Are they really achieved? In 2012, Qatar pledged to invest \$18 billion in Egyptian tourism and infrastructure as a way to strengthen links between Qatar and Egypt during Morsi's presidency. The change of the Egyptian regime after July 2013 and the sudden breakdown of the friendship between the two countries cancelled these plans. Another example of these real estate megaproject announcements is Arabtec Construction's proposed project. In March 2014, the Dubai-based construction company announced that it would build one million social housing units in Egypt in a \$40 billion project backed by the Egyptian and United Arab Emirates governments, as part of efforts to address the country's housing shortage. The project was to be completed by 2020, and the housing to be spread across ten governorates.

Nonetheless the project seems to be unfeasible. According to NGO director Mohammed I.,²⁶ *"The Arabtec project is statistically impossible. Egypt's total real estate construction is way less important. Here we speak about only one project, one company, which would alone build 2.5 times the number of units built annually in Egypt. This project is more about speculation. Arabtec will probably face numerous obstacles and stop the project, and it could have a very negative impact on production. Above all it is a political project which will affect the cost of apartments at the end."* Ahmad E., a former banker and businessman,²⁷ confirmed: *"The project should be complete after five years. That means one unit built per minute. It would be possible if 500 companies were working on it as of now. And I do not talk about the problems of necessary roads, water and gas. A new power station would have to be built. Also this is not a social housing project. The announced \$40 billion project amount means that every apartment would cost \$40,000: \$ 5,000 for the land, \$25,000 for the construction and design, and \$10,000 for the roads and profit margin. It seems quite logical and realistic to me. But at this price it is not for poor classes, contrary to what was announced by the company. The project is rather aimed at the middle class. One thing is for sure: this project is far from its end."*

Despite popular demand during the 2011 uprising for more justice, which pushed back against fraudulent land sales to Egyptian and Arab investors, this type of megaproject is still aimed at the middle-class and the rich. The Egyptian Initiative for Personal Rights (EIPR) report from 2014 sharply criticised the Arabtec project:²⁸ *"The conditions may deny 40 percent of Egyptians—all of them from the poorest segments—access to some EGP 8.1 billion in public subsidies and investments as allocated in the state budgets of 2012/2013 and 2013/2014. The conditions also deny almost two-thirds of Egyptians working in the informal sector—most of them poor—access to housing units under the*

26. Interview, Cairo, 27/05/2014.

27. Interview, Fifth Settlement, 19/06/2014.

28. Shawkat, *Egyptian Initiative for Personal Rights*, April 2014.

project because they work without formal employment contracts. Based on previous housing projects, as much as 90 percent of the housing units in the project may be allocated as ownership units via mortgages. As such, some 50 percent of Egyptians will not benefit from the units, as they will not be able to meet the minimum income threshold for a mortgage."

As of June 2016, the project still remained on hold. According to Raja Hani Ghanma, CEO of Arabtec Construction, the project, which can be scaled back from its original one million houses to 100,000, has seen little progress from the Egyptian Ministry of Housing. In October 2015, Arabtec put forward a proposal to start implementing the project at the reduced 100,000 figure, but received no confirmation of support from Egypt's housing ministry.²⁹ This confirms the state's control of major urban transactions. Whether the project is completed or not, it is a political project above all, dependent on the good relationships between Egypt and United Arab Emirates. It aims neither to resolve the housing crisis, nor even to be realistic. It is mainly a way to regain investors' confidence, even if it causes another speculation phenomenon involving the increase of housing prices and an exclusive city.

Cairo Capital, a Gulf capital in Egypt

The dream of Cairo without its popular side and its dustiness might come true with the new administrative capital project, Cairo Capital, launched in 2016. The new city, covering 700 square kilometres, would cost \$45 billion and be located between Cairo and the Red Sea.³⁰ The government presented the project as a programme that would solve numerous problems in post-revolutionary Egypt, including the housing crisis, rising inflation, and increasing unemployment. The goal is to start from zero, as Cairo has become charged with strong popular symbols. Emaar imagined Uptown Cairo, a gated community in the centre of the city, as the new city centre for the upper classes in opposition to Downtown Cairo, the public space of popular social classes and the symbolic place of the 2011 Revolution. Likewise Capital Cairo was imagined in opposition to crowded and dirty Cairo. The project plan was drawn up in 1985 in the fourth year of Mubarak's 30-year rule by geologist Farouk El-Baz. According to Sims (2015, p. 117) the inefficiency of the state drives it to repeat its errors, such as the creation of new cities in the desert, which are a huge waste of land, money, and resources. According to Sims, this type of project is not a long-term project, decided after studies and strategic planning, but rather a headlong rush in order to postpone the resolution of urgent crises and to give the president exposure and fame. Of course, the feasibility of such a project is also not obvious.³¹ *Middle East Eye* pointed out mistakes made during the pre-

29. Halligan N., *Arabian Business*, 23/06/2016.

30. *Lettre économique d'Égypte* n°69, February 2017.

31. *Middle East Eye*, 17/03/2015.

sensation of the project in March 2015: *"While several experts highlighted the premature nature of the plans that seem to be more of a "propaganda stunt" to attract investors, Sayyad [Cairo specialist, Professor of Architecture, Planning, Urban Design and Urban History at University of California, Berkeley] pointed out that images of Egypt's new capital revealed during the economic conference were actually of Marina Bay Sands and Gardens by the Bay in Singapore. "What should have been truly embarrassing is that some of the images shown in a video at the conference [were] in the presence of a delegation from the country [Singapore] from which they were stolen with no apparent shame."* Ahmad Selim (Mada Masr, 05/08/2015) denounced the idealization of a pixelated world with futuristic architecture that is completely disconnected from reality. According to him, this state propaganda exclusively serves to consolidate Sissi's government. The commercials are reminiscent of Gulf urbanisation, with high towers and futuristic architecture.

Figure 4. Cairo Capital Commercial

Source : <http://thecapitalcairo.com/index.html>

Emaar CEO Mohammed Alabbar, was supposed to be one of the main funders of the project. Alabbar and Sissi signed a memorandum of understanding on March 2015 with the endorsement of Dubai Emir Sheikh Mohammed bin Rashid Al-Maktoum, but Alabbar stepped down from the project in January 2016. The Egyptian state turned then to two Chinese state-owned companies, China State Construction Engineering Corporation (CSCEC) and China Fortune Land Development Company (CFLD), which eventually stepped down as well.

The goal of attracting FDI in order to build a new capital failed, so Egypt has had no choice but to call on Egyptian private companies.

Relationships between Gulf countries and the new regime are comparable to North-South relationships between Mediterranean Europe and Arab countries from South of the Mediterranean Sea.³² Gulf countries have become an increasingly dominant “North” for Egypt after 2011, as cultural proximity encourages political and economic relationships between two circles: the Egyptian ruling community and the Gulf public-private community. The production of Cairo is incrementally influenced by the model of Dubai, whether it is financed with Gulf capital or not, and depends on the fluctuations of Gulf-Egypt relations more than of the market. Moreover, the new agreements are settled on a state-to-state basis, ignoring logical investment steps such as market studies or financial risk calculations. Thanks to corrupt practices, these agreements foster alternative circulations of capital. The regionalisation of Cairo reduces possibilities for a true openness of the city to the global financial markets, and reinforces the urban market's dependence on a strong regional circle. Lastly, this Cairo of the future, imagined as a city outside of Egypt, standing in the middle of an Arab desert, becomes estranged from millennium Cairo, with the passage of time since 25 January 2011.

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