

# CRS Report for Congress

## Egypt: Background and U.S. Relations

Updated August 12, 2008

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Prepared for Members and  
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## Summary

This report provides an overview of Egyptian politics and current issues in U.S.-Egyptian relations. It briefly provides a political history of modern Egypt, an overview of its political institutions, and a discussion of the prospects for democratization in Egypt. This report will be updated regularly.

U.S. policy toward Egypt is aimed at maintaining regional stability, improving bilateral relations, continuing military cooperation, and sustaining the March 1979 Egyptian-Israeli peace treaty. Successive Administrations have long viewed Egypt's leaders as a moderating influence in the Middle East, though in recent years, there have been increasing U.S. calls for Egypt to democratize. Congressional views of U.S.-Egyptian relations vary. Many lawmakers view Egypt as a stabilizing force in the region, but some Members would like the United States to pressure Egypt to implement political reforms, improve its human rights record, and take a more active role in reducing Arab-Israeli tensions.

The United States has provided Egypt with an annual average of over \$2 billion in economic and military foreign assistance since 1979. The Administration has requested \$1.3 billion in military aid for Egypt in FY2009 — the same amount it received in FY2008. For FY2009, the Administration is requesting \$200 million in ESF for Egypt, a notable decrease from previous fiscal years. According to the U.S. State Department's FY2009 Congressional Budget Justification, "FY 2009 economic assistance funds for Egypt will decrease from the FY 2008 level, reflecting a more balanced, mature bilateral relationship consisting of foreign assistance and commercial linkages."

There are several pieces of pending legislation on Egypt before the 110<sup>th</sup> Congress. Among them, H.Res. 1303, referred to the House Committee on Foreign Affairs on June 24, 2008, encourages the Egyptian government, among other things, to honor its commitment to repeal the state of emergency in order to allow for the full consolidation of the rule of law in Egypt and take the steps necessary to fully implement and protect the rights of religious minorities as full citizens.

## Contents

Stagnation in U.S.-Egyptian Bilateral Relations .....	1
Historical Background .....	2
Egypt During the Colonial Era .....	2
The Constitutional Monarchy & the British .....	3
Nasser and Egypt During the Cold War .....	3
Egypt-Israeli Peace .....	5
The Camp David Agreement and 1979 Peace Treaty .....	5
Egypt Under Mubarak .....	6
Regime Structure .....	7
Overview .....	7
The Role of the Military in Egyptian Society .....	8
The National Democratic Party (NDP) .....	9
Reinforcing Regime Rule .....	9
Political Opposition and Civil Society .....	11
The Muslim Brotherhood .....	12
The Brotherhood's "Party Platform" .....	13
Civil Society in Egypt .....	13
Organized Labor .....	14
Current Issues in U.S.-Egyptian Relations .....	15
The Debate over U.S. Assistance to Egypt .....	15
The FY2008 Withholding of U.S. Military Aid .....	15
Recent History of Congressional Action on Aid to Egypt .....	16
Hamas and the Egypt-Gaza Border .....	18
Overview .....	18
Hamas-Egypt Relations .....	18
The Egyptian-Brokered "Cease-Fire" and Rafah Border Crossing ...	19
Inflation and Prospects for Social Unrest .....	19
Human Rights, Religious Freedom, and Women's Rights .....	20
Religious Freedom .....	21
Women's Rights .....	22
U.S. Foreign Assistance to Egypt .....	22
Economic Aid .....	23
Military Aid .....	24

## List of Figures

Figure 1. Map of Egypt .....	3
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## List of Tables

Table 1: Recent U.S. Foreign Assistance to Egypt . . . . .	25
Table 2. U.S. Foreign Assistance to Egypt, 1946-1997 . . . . .	26

# Egypt: Background and U.S. Relations

## Stagnation in U.S.-Egyptian Bilateral Relations

As the 30-year anniversary of the Camp David peace accords approaches, most observers believe that U.S.-Egyptian relations must be revitalized. Although diplomatic ties remain strong, the current paradigm of the relationship has grown stale and condemnation of Egypt's poor human rights and democratization record has increased both in the U.S. media and in Congress. From Egypt's standpoint, there has been deep disappointment and anger directed at the U.S. government, as many Egyptian officials believe that their cooperation with U.S. policy in the region has been taken for granted. They argue that Egypt dutifully upholds its peace treaty obligations with Israel and has pushed other parties in the region to pursue peace. In addition, the Egyptian military facilitates U.S. military requests for transit of the Suez Canal, overflight of Egyptian territory, and storage of U.S. military equipment in Egypt. Yet, while other Arab governments have received additional U.S. support in recent years, Egypt's annual foreign assistance package has remained flat and, despite its lobbying, plans for a possible U.S.-Egyptian free trade agreement have been put on hold.

U.S. officials have found it more difficult to defend U.S.-Egyptian relations in light of continued reports of regime-sponsored suppression of peaceful opposition figures. While many U.S. policymakers continue to express gratitude for Egyptian military cooperation, intelligence sharing, and contributions to international peacekeeping operations, it would seem that both parties have had difficulty in publicly framing the relationship around any one issue. Egypt continues to push for a more active U.S. role in the Middle East peace process, while the United States continues to push for meaningful government reform in Egypt, albeit less intensely since the 2006 Hamas electoral victory in Palestinian Authority legislative elections. The core question for the Administration and Congress remains how to preserve the strategic benefits of close military, intelligence, and diplomatic relations with Egypt while promoting political and economic reforms that will ensure the stability and development of Egypt over the long term.

Experts have posited a variety of reasons for the current stagnation. Egyptian critics have called their government a gerontocracy, noting that 80-year-old President Hosni Mubarak continues to be surrounded by some of the same advisors and cabinet officials from the early 1980s. While some Egyptians consider such stability reassuring, others contend that the Egyptian government needs to be infused with a new generation of civilian leaders. Analysts continue to speculate over Mubarak's 44-year-old son Gamal's possible ascension to the Egyptian presidency and what his leadership would mean for U.S.-Egyptian relations. Other observers contend that Egypt's regional prominence has declined in recent years, and other countries, such

as Saudi Arabia, have stepped in to fill this void. Egypt is minimally affected by violence in Iraq, Afghanistan, and elsewhere. The Gaza Strip is one of the few areas in the region where it remains influential.

In July 2007, as a part of a larger arms package to the region, the United States announced that it would provide Egypt with \$13 billion in military aid over a ten-year period. Since Egypt has already been receiving approximately \$1.3 billion a year in military assistance, the announcement represented no major change in Administration policy toward Egypt. Soon after the announcement, the United States and Israel signed a memorandum of understanding to provide Israel with \$30 billion in military aid from 2009 to 2018, a 25% increase.

## Historical Background

### Egypt During the Colonial Era

Egypt's relations with the West, including its current friendly relations with the United States, are colored by a long history of foreign intervention in Egyptian politics, which has made Egypt, along with other Arab states, wary of outside influences on their domestic affairs. In the 19<sup>th</sup> century, Egypt was a semi-autonomous province in the Ottoman Empire, which by then was in decline and being propped up by the British in order to serve as a buffer between it and Czarist Russia. At the time, Egypt was viewed as extremely valuable to the British and French empires and was prized for its agricultural output, large domestic market, and strategic location between the Mediterranean and Red Seas. Most importantly, the British saw Egypt as vital to securing the sea route to its most prized colony, India. Ottoman weakness led its Sultans to grant Europeans certain legal protections and economic advantages in Egypt, which stifled the Egyptian economy by flooding it with European manufactured goods, driving local merchants out of business.<sup>1</sup>

Over time, Egypt developed a “cash crop” economy based almost solely on the export of cotton, the price of which constantly fluctuated, leaving the economy vulnerable and dependent on good harvests. Without a strong, diverse economy, Egypt could not generate enough capital to fund its modernization, leading it to become even more financially dependent on the West, as its rulers borrowed huge sums from European banks. Six years after the completion of the Suez Canal in 1869, Egypt was forced to sell all of its shares in the Suez Canal Company, which operated the Canal, in order to make payments on its foreign-owned debt. When Egypt could no longer pay its debts, the British and French became directly involved in Egyptian politics — a trend that would continue until the mid 20<sup>th</sup> century.<sup>2</sup>

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<sup>1</sup> Library of Congress, Federal Research Division, *Egypt: A Country Study*, accessible at [<http://lcweb2.loc.gov/frd/cs/egtoc.html>].

<sup>2</sup> Napoleon invaded Egypt in 1798. The British invaded in 1882 and established a de facto protectorate. They would keep a sizeable military force in Egypt until the 1950s.

**Figure 1. Map of Egypt**

Source: Map Resources. Adapted by CRS. (K.Yancey 7/1/05).

## The Constitutional Monarchy & the British

Britain unilaterally declared Egyptian independence in 1922, and for the next three decades, political power in Egypt was contested among three main actors: the British, the Egyptian monarchy, and the nationalist Wafd party, which was the driving force behind the Egyptian independence movement after World War I. Thousands of British troops remained stationed near the Suez Canal, and British officials served in the Egyptian ministries. Egypt's king could appoint a government and dismiss parliament, but ultimately relied on the British for support. The Wafd party dominated parliamentary elections during Egypt's experiment with parliamentary democracy (1922-1952), though the Wafd gradually began to lose popularity to more radical organizations, such as the Muslim Brotherhood.

## Nasser and Egypt During the Cold War

By the early 1950s, anti-British sentiment in Egypt had sparked civil unrest, allowing a cabal of Egyptian Army officers, known as the Free Officers Movement, to oust the king in what is referred to as the July 1952 revolution. The Free Officer Movement ushered in an era of military involvement in Egyptian politics, as all of

Egypt's presidents in the post-revolutionary period have been high ranking officers. In the aftermath of the coup, Colonel Gamal Abdul Nasser, the most charismatic of the Free Officers, succeeded in gaining total control over the government. Nasser abolished the monarchy and outlawed the Muslim Brotherhood (1954), which at the time was the only potential rival for power. Nasser would rule Egypt until his death in 1970.

During the Nasser era, Egypt found itself at the center of superpower competition for influence in the Middle East. Wary of taking sides, Nasser managed, for a short period, to steer Egypt clear of either the Soviet or Western "camp" and was instrumental in helping to establish the non-aligned movement. U.S.-Egyptian relations soured when Nasser turned to the Soviets and the Czechs in 1955 for military training and equipment after the West, frustrated by Nasser's repeated rejections and his support of Algerian independence against the French, refused to provide Egypt with defense assistance. A year later, following a U.S.-British decision to retract an offer of economic assistance and help for the construction of the Aswan Dam, Nasser nationalized the Suez Canal Company to use its revenues to finance the dam project. (Egypt owned the Suez Canal, but the British-French company operated the Canal, and collected the revenues from which it paid a small rent to Egypt.) In October 1956, Israel, France, and Britain invaded Egypt — Israel to stop Palestinian guerrillas from using Egypt as a base for operations against Israel, and France and Britain to occupy the Canal. President Eisenhower persuaded the three countries to withdraw from Egypt in early 1957, which briefly improved U.S.-Egyptian relations.<sup>3</sup>

After the 1956 Suez War, Nasser's popularity soared, as he came to embody Arab nationalism in the post-colonial era. Nasser did not hesitate to brandish his newfound authority and developed a muscular Egyptian foreign policy that attempted to destabilize pro-Western governments in Jordan, Iraq, and Lebanon, support Palestinian guerrilla action against Israel, create a unified Arab state by merging briefly with Syria (the United Arab Republic 1958-1961), and intervene against the Saudi-backed royalists in the Yemeni civil war.<sup>4</sup> However, Egypt's defeat at the hands of Israel in the June 1967 War and other setbacks temporarily deflated Nasser's popularity and crushed his ambitions to spread a pan-Arab ideology across the region.

On the domestic front, Nasser turned Egypt into a socialist dictatorship with absolute power in the hands of the President. All banks and commercial firms were nationalized, large landowning estates were broken up into much smaller parcels and held in a state trust, and all political parties were banned. The precursor to the present National Democratic Party (NDP) was formed by Nasser in 1962 and was called the Arab Socialist Union. It served as the Egyptian republic's first mass party and an extension of the ruling elite. Other movements, such as the Muslim Brotherhood,

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<sup>3</sup> M.E. Yapp, *The Near East Since the First World War*, London: Longman, 1991, p. 409.

<sup>4</sup> During the Yemeni Civil War of 1963 through 1967, Egypt reportedly used mustard bombs in support of South Yemen against Saudi-backed royalist troops in North Yemen. See Federation of American Scientists (FAS) Egypt Special Weapons Guide, available online at [<http://www.fas.org/nuke/guide/egypt/index.html>].



were forced to go underground, as Nasser arrested thousands of Brotherhood activists after a failed Brotherhood assassination attempt against him in 1954.<sup>5</sup>

## Egypt-Israeli Peace

After Nasser's death in 1970, Anwar Sadat, one of the original Free Officers, became President of Egypt. At the time, Egypt was humiliated by its defeat in the June 1967 War and the ensuing loss of the Sinai Peninsula to Israel. In addition, military rebuilding expenditures were absorbing nearly 25% of Egypt's gross domestic product. Under these circumstances, Sadat calculated that a military victory was needed to boost his own legitimacy and improve Egypt's position in any future negotiations with Israel. The October 1973 War, which initially took Israel by surprise, was costly for both sides, but succeeded in boosting Sadat's credibility with the Egyptian people, enabling him to embark on a path which would ultimately sever Egypt's ties to the Soviet Union and bring it closer to the West.

In November 1973, Egypt and the United States restored diplomatic relations (which had been cut off in 1967), and in December, the two countries participated in the Geneva peace conference. U.S. Secretary of State Henry Kissinger's shuttle diplomacy led to Egyptian-Israeli and Syrian-Israeli disengagement agreements in 1974 and a second set of Egyptian-Israeli disengagements in 1975. The United States resumed economic aid to Egypt in 1975 after an eight-year hiatus.

**The Camp David Agreement and 1979 Peace Treaty.** On November 20, 1977, President Sadat made his historic visit to Israel, where he addressed the *Knesset* (parliament). Sadat's visit was symbolic as he became the first Arab leader to visit Israel, thereby implicitly recognizing the Jewish state. Sadat believed that his initiative would jumpstart the Arab-Israeli peace process which had stalled.

In the late summer of 1978, Israeli and Egyptian leaders accepted an invitation from President Carter to attend talks at Camp David, Maryland, intended to save what had been a faltering peace process. After nearly two weeks of clandestine and exhausting negotiations, on September 17, 1978, Egypt and Israel, with the United States as a witness, signed two agreements, *A Framework for Peace in the Middle East* and *A Framework for the Conclusion of a Peace Treaty between Egypt and Israel*. The first "framework" called for an autonomous Palestinian entity in the West Bank and Gaza Strip following an Israeli withdrawal. The latter agreement ultimately led to the signing of the 1979 Israel-Egypt peace treaty. Israel maintained that the two agreements were not linked, as it did not want to be obligated to grant self-determination to the Palestinians.

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<sup>5</sup> One of the Brotherhood activists arrested was Sayyid Qutb, a writer and former government official whose writings provided a philosophical foundation for Islamic radicalism. Qutb spent years in prison and, after being briefly released in 1964, was rearrested and hanged in 1966. See Daniel Benjamin & Steven Simon, *The Age of Sacred Terror* (New York: Random House, 1966), p. 62.

On March 26, 1979, President Sadat and Israeli Prime Minister Menachem Begin signed a peace treaty,<sup>6</sup> the first ever between Israel and an Arab country, in a ceremony at the White House. Three days later, the Arab League voted to expel Egypt from its ranks. At the time, the rest of the Arab world felt betrayed by Egypt for making a separate peace with Israel.

The 1979 Peace Treaty between Israel and Egypt ushered in the current era of U.S. financial support for peace between Israel and her Arab neighbors. In two separate memoranda accompanying the treaty, the United States outlined commitments to Israel and Egypt, respectively. In its letter to Israel, the Carter Administration pledged to “endeavor to take into account and will endeavor to be responsive to military and economic assistance requirements of Israel.”<sup>7</sup> In his letter to Egypt, former U.S. Secretary of Defense Harold Brown wrote that “the United States is prepared to enter into an expanded security relationship with Egypt with regard to the sales of military equipment and services and the financing of, at least a portion of those sales.”<sup>8</sup> Ultimately, the United States provided a total of \$7.3 billion to both parties in 1979. The Special International Security Assistance Act of 1979 (P.L. 96-35) provided both military and economic grants to Israel and Egypt at a ratio of 3 to 2, respectively, though this ratio was not enshrined in the treaty as Egypt would later claim.

For Egypt, U.S. funds helped to subsidize its defense budget and upgrade its aging Soviet hardware. Egypt became the second-largest recipient of U.S. aid after 1979. The U.S. assistance program in Egypt also helped modernize the country’s infrastructure, as U.S. economic assistance was used to build Cairo’s sewer system, a telephone network, and thousands of schools and medical facilities. The United States also helped organize the peacekeeping mission along the Egyptian-Israeli border and the Multi-National Force and Observers (MFO), and still maintains a rotating infantry task force as part of it.<sup>9</sup>

## **Egypt Under Mubarak**

Sadat’s rule came to an abrupt end in 1981, when he was assassinated during a military parade in Cairo by soldiers who also belonged to the Jamaah Islamiyah (Islamic Group) and Al Jihad, the more radical offshoots of the Muslim Brotherhood.

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<sup>6</sup> A copy of the 1979 Egyptian-Israeli peace treaty is available online from MidEast Web Gateway at [<http://www.mideastweb.org/egyptisrael treaty.htm>].

<sup>7</sup> Memorandum of Agreement between the Governments of the United States of America and the State of Israel, March 26, 1979. Available online at: [<http://www.mfa.gov.il/mfa/peace%20process/guide%20to%20the%20peace%20process/us-israel%20memorandum%20of%20agreement>]

<sup>8</sup> Letter on United States Defense Assistance to Egypt, March 23, 1979. The Search for Peace in the Middle East, Documents and Statements, 1967-79, Prepared for the House Committee on Foreign Affairs by the Congressional Research Service, 1979.

<sup>9</sup> The MFO is an independent (non-UN) peacekeeping mission, created as a result of the 1979 peace treaty. The MFO’s expenses are funded in equal parts by Egypt, Israel, and the United States with additional contributions from Germany, Japan, and Switzerland. For more information on the MFO, see [<http://www.mfo.org/Default.asp?bhcp=1>].

Hosni Mubarak, Sadat's Vice President and former commander of the Egyptian Air Force, immediately ascended to the presidency and has remained in office to the present day. Under Mubarak, Egypt has continued to maintain good relations with the United States, as evident in Egypt's 1991 decision to join the allied coalition against Saddam Hussein in Operation Desert Storm. The United States and Egypt began conducting bi-annual joint military training exercises in 1983. U.S. and Egyptian armed forces served together in Somalia in 1991, and were part of an international peacekeeping force in Bosnia in the mid 1990s. Egypt now assembles the "Abrams" M-1 tank at a government facility near Cairo (some components are shipped from the United States and other components are manufactured in Egypt).

Following the path laid out by Sadat, Egypt has remained at peace with Israel, although critics have characterized this as a "cold peace." Mubarak has made a number of attempts to serve as a broker for Israeli-Palestinian peace talks. During the Mubarak era, conflict between Egyptian Islamists and the Egyptian authorities continued, culminating in a period (1992-1997) of violent confrontations between Islamic militants and Egyptian police.

After the September 11, 2001, terrorist attacks and the ensuing U.S. focus on promoting democracy in the Middle East, the Mubarak regime has come under increasing U.S. pressure to accelerate political reforms and make Egypt more democratic. In an effort to control the reform agenda without relinquishing their grip on power, Mubarak and the ruling National Democratic Party (NDP) have instituted some political reforms, while emphasizing the need for economic growth as a precondition for democratic change.

## Regime Structure

### Overview

Since the 1952 revolution, Egypt has officially been a republic, and its political system has developed some aspects of a democracy, though most observers continue to describe Egypt as an authoritarian regime dominated by a strong president, who draws his support from the ruling National Democratic Party (NDP) and the military. Under the 1971 Constitution, authority is vested in an elected president who must stand for reelection every six years.<sup>10</sup> The president

#### Egypt at a Glance

Population:	80 million (est.)
GDP per Capita:	\$1,400
Religions:	90% Sunni Muslim 9% Coptic Christian
Literacy Rate:	83% (59% female)
Unemployment Rate:	15%-20% (est.)

**Source:** U.S. Central Intelligence Agency  
World Factbook 2007.

<sup>10</sup> In 1980, the Constitution was amended to allow the president to run for an unlimited number of terms, rather than one as was stipulated in the 1971 Constitution. An English (continued...)

appoints the cabinet, who in turn draft and submit legislation to the legislature, the People's Assembly (lower house) and the Shura Council (upper house). The People's Assembly debates legislation proposed by government ministries and calls for amendments to government-sponsored bills but rarely initiates its own bills. The Shura Council has modest legislative powers and must ratify treaties and constitutional amendments. Overall, analysts consider Egypt's legislative branch to be weak; the ruling party constitutes an overwhelming majority.

In the People's Assembly, 444 members are elected and ten are appointed by the President; 176 members of the Shura Council are elected and 88 are appointed.<sup>11</sup> People's Assembly members are elected for five-year terms, and Shura Council members for six-year terms (one-half the Council members are elected every three years). The NDP controls 324 seats in parliament, Muslim Brotherhood-affiliated members hold 88 seats, and the remaining seats are held by a mix of independents and secular opposition parties. NDP members won 84 of the 88 seats contested in the June 2007 Shura Council election. Religious parties, such as the Muslim Brotherhood, are officially banned.

**The Role of the Military in Egyptian Society.** Although military officers no longer play a direct role in the affairs of the civilian-run government, the military remains the preeminent institution in Egyptian society, and has been called on by successive governments to maintain internal security and regime stability.<sup>12</sup> The military also provides employment and social services for hundreds of thousands of young people in a country with annual double digit unemployment rates. Military experts have often asserted that Egypt's armed forces are bloated and maintain manpower at unnecessary levels for peacetime, while others contend that the large size of the military is justified based on the services it provides to soldiers and their families. Some experts estimate that the military trains 12% of young Egyptian males and that defense industries employ over 100,000 people.<sup>13</sup> The military has its own companies that produce consumer products, pharmaceuticals, and manufactured goods. The officer corps also benefit from higher salaries, better housing, and high quality healthcare which help ensure their loyalty to the government. Some members of the opposition have criticized these special benefits and the military's fiscal autonomy, asserting that there is little civilian control over the military's budget.

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<sup>10</sup> (...continued)

language version of the Egyptian Constitution is available at [<http://www.parliament.gov.eg/EPA/en/sections.jsp?typeID=1&levelid=54&parentlevel=6&levelno=2>].

<sup>11</sup> One half of the elected members of the People's Assembly and the Shura Council must be farmers and laborers (Art. 87 and Art. 196 of the Constitution).

<sup>12</sup> In 1986, President Mubarak called on the military to put down riots in Cairo, sparked by the protests of police conscripts who were angry with their low pay and poor working conditions. The military also was deployed in 1977 during riots over a temporary reduction in food subsidies.

<sup>13</sup> Imad Harb, "The Egyptian Military in Politics: Disengagement or Accommodation?," *The Middle East Journal*, Washington, spring 2003. vol. 57, Issue 2, p. 269.

**The National Democratic Party (NDP).**<sup>14</sup> As the ruling party, the NDP dominates the political scene in Egypt, controlling well over 80% of the seats in parliament. The party itself is more of a coalition of business and political elites rather than a coherent and disciplined organization with a unifying ideology. In the 2000 parliamentary election, popular dissatisfaction with the status quo led to the defeat of many NDP incumbents, though the party maintained its supra-majority in parliament after a number of “independents” who had been NDP members rejoined the party. Thereafter, NDP officials embarked on a campaign to improve the party’s public image, holding the first party congress in 10 years in 2002. Since then, the NDP has held conferences in each successive year, touting a number of political reforms under the slogan of “new thinking.” More importantly, the President’s son, Gamal Mubarak, was appointed to the NDP’s higher policy council, and other young figures have become more visible in the party.

## Reinforcing Regime Rule

Over the last two years, the Mubarak government has tightened its grip on power and cracked down on domestic opponents (see below). Experts have posited a myriad of theories behind both the increase in domestic opposition and the subsequent government crackdown. Some analysts assert that the government is deliberately flexing its muscles during a delicate period of political transition, as the president may be grooming his son to succeed him. Others have speculated that the regime may be sending a message to the international community, particularly the United States, that it will not be pressured into liberalizing its political system. Still other observers take a more Marxist approach, citing the growing resentment among the poor and middle class of the private sector elite, a demographic group which has disproportionately benefitted in recent years from the state’s economic liberalization policies.

Now entering its third year, the government has used both legal tactics and brute force to suppress opposition activity. Independent analysts have long noted that the Egyptian legal system is a labyrinth of codes and procedures that can be twisted to the state’s benefit when necessary. The following is a sampling of recent government action to reinforce its rule:

- On August 2, 2008, an Egyptian court sentenced prominent self-exiled dissident Saad Eddin Ibrahim to two years in prison for harming Egypt’s reputation through his public writings. The court ruled that Ibrahim, who is currently abroad, could post a bond of \$1,900 to remain free pending an appeal. In response, the U.S. State Department issued a press release stating, “We are disappointed by the recent conviction in Egypt of democracy activist Dr. Saad Eddin Ibrahim. On August 2, Dr. Ibrahim was convicted of harming Egypt’s reputation through his writings in the foreign press and was sentenced to two years in prison. Lawsuits should not be used to undermine the principles of freedom of expression. We strongly

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<sup>14</sup> The NDP’s website is available at [[http://www.ndp.org.eg/index\\_en.htm](http://www.ndp.org.eg/index_en.htm)].

advocate — in all countries — the protection of civil and political rights, including freedom of speech and due process.”

- On May 26, 2008, parliament approved a two-year extension of the emergency laws, which have been in place since Sadat’s assassination in 1981. During his 2005 election campaign, President Mubarak pledged to introduce a number of reforms, including the elimination of the emergency laws which have been used to quell political dissent by holding people without charge for long periods and referring civilians to military courts, where they have fewer rights.
- On April 8, 2008, after a two-year delay, Egypt held nationwide municipal elections for local councils. These councils had been of little importance in national politics, but became more relevant after the Egyptian Constitution was amended in 2005. Under the revision of Article 76, which, for the first time in Egypt’s history legally established the framework for a multi-candidate presidential election, the Constitution now requires that all presidential candidate nominations must obtain the support of at least 250 members of various elected bodies, including 65 members of the lower house of parliament, 25 members of the upper house, and 140 members of various local councils. The Muslim Brotherhood (MB), the only well organized opposition group in Egyptian politics, boycotted the elections at the last minute, citing various government attempts to thwart their participation and rig the results. The MB had initially fielded several thousand candidates for 52,000 seats in 4,500 local councils. Bureaucratic obstruction eventually whittled the number of MB candidates down to a few hundred, of whom only a handful (perhaps 20) were expected to compete.<sup>15</sup> Ultimately, the ruling National Democratic Party obtained a majority of seats, helping to maintain its monopoly over the political system
- In September 2007, authorities closed the Association for Human Rights and Legal Aid after it helped bring a case against the government over a political activist who died in police custody.
- Also in September, a judge sentenced four newspaper editors, including *Ad Dustour* chief Ibrahim Issa (also spelled Eissa), to prison sentences on charges of defaming President Mubarak and his son Gamal. Issa was already on trial on charges of “disturbing the peace and harming national economic interests” after he published several speculative articles over the health and possible death of President Mubarak. According to *Oxford Analytica*, “The regime is exacting revenge against individuals such as Eissa for their zealous criticism of the government since the war on Iraq. Much of the criticism was seen as breaking previous publishing red-lines. While

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<sup>15</sup> “Egypt Vote Ends with Little Excitement,” *Agence France Presse*, April 8, 2008.

it would not have been prudent to crack down then given the international pressure and attention, the context has changed and the regime is feeling secure enough to repress.”<sup>16</sup>

- On June 11, 2007, Egypt held a mid-term election for the Shura Council, the upper chamber of parliament with modest legislative powers. The NDP won 84 of 88 seats. As usual, opposition activists charged that the election was marred by irregularities and violations (e.g. ballot stuffing, obstruction of polling centers, and underage voting ) committed by the state and NDP. Prior to election day, police and security forces arrested hundreds of Muslim Brotherhood members, including several Shura Council candidates claiming that they violated prohibitions against the use of religious slogans in political campaign material.
- On March 26, 2007, 34 amendments to the Egyptian constitution were approved in a popular referendum widely considered to be managed by pro-government forces. U.S. officials criticized both the content of the amendments and the expediency of their approval while *Amnesty International* called the amendments the “greatest erosion of human rights in 26 years” in Egypt. Amended Article 179 allows the president to have civilians tried in military courts and eliminates protections against arbitrary search and arrest in offenses related to terrorism. Revised Article 88 curtails judicial supervision of general elections and transfers oversight responsibility to an electoral commission. In 2000, the Egyptian Supreme Constitutional Court ruled that elections should have direct judicial oversight. Revised Article 62 changes the electoral system from a candidate-centered system to a mixed system of party lists and individual districts. This revision would further restrict the Muslim Brotherhood since, as an illegal organization, it cannot field a list of party candidates (Brotherhood members run as independents). This amendment also establishes a quota for female lawmakers in parliament.

## Political Opposition and Civil Society

Over the past few years, political opposition in Egypt has broadened to include an array of various groups, both secular and religious. However, despite a growing chorus of regime critics, particularly over the Internet, the Muslim Brotherhood remains the only serious organized opposition movement in Egypt today. Nevertheless, labor strikes and spontaneous demonstrations organized by activist bloggers have received more international attention as of late, despite widespread political apathy and resignation that pervades Egyptian society.

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<sup>16</sup> “EGYPT: Press Crackdown Linked to Succession,” *Oxford Analytica*, November 1 2007.

A handful of legal opposition parties, which must be approved by the government, serve as the token, official opposition to the NDP.<sup>17</sup> Most experts regard Egypt's legal opposition parties as divided with limited popular support. In the 2000 parliamentary elections, the principal opposition parties secured just 17 seats, despite widespread popular dissatisfaction with the ruling NDP. In 2005, these parties fared even worse, winning just 12 seats.

## The Muslim Brotherhood<sup>18</sup>

The Muslim Brotherhood (MB) was founded in Egypt in 1928 to turn Egypt away from secularism and toward an Islamic government based on *Sharia* (religious) law and Muslim principles.<sup>19</sup> The Muslim Brotherhood operates as a religious charitable and educational institution, having been banned as a political party in 1954; however, many Muslim Brotherhood members run for parliament as independents. In the 2000 parliamentary elections, 17 independent candidates, who were regarded as Brotherhood sympathizers, were elected. In 2005, Brotherhood-affiliated candidates won 88 seats in parliament. Over the years, the Egyptian government has alternated between tolerating and suppressing the Muslim Brotherhood, sometimes arresting and jailing its members, and other times allowing its members to operate almost without hindrance.

Many foreign observers agree that the organization has renounced the use of violence as a political tactic, while many Egyptian officials continue to perceive the Brotherhood as a threat and are unwilling to legalize the movement.<sup>20</sup> In the United States, the issue of whether or not to recognize the Muslim Brotherhood as a legitimate political actor continues to perplex policymakers, particularly after the September 11, 2001 terrorist attacks. On the one hand, there has been a general reluctance to push for Islamist inclusion in politics, out of concern that, once in power, groups such as the Muslim Brotherhood will pursue policies counter to U.S. interests in the region or will transform states into theocracies like Iran.<sup>21</sup> On the other hand, some experts believe that if Islamists were brought into a functional

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<sup>17</sup> By law, political parties must be approved by the seven-member Political Parties Committee (PPC). Since 1977, the Committee has approved 18 political parties and rejected almost 50.

<sup>18</sup> For more information, see CRS Report RL33486, *U.S. Democracy Promotion Policy in the Middle East: The Islamist Dilemma*, by Jeremy M. Sharp.

<sup>19</sup> The Muslim Brotherhood is generally considered as the parent organization for Brotherhood branches throughout the Middle East region. Former Brotherhood members also have formed a number of radical and extremist off-shoots, including Hamas. See Gilles Kippel, *Jihad: The Trail of Political Islam* (Cambridge: Harvard University Press, 2002), p. 151.

<sup>20</sup> During the 1940s and early 1950s, the Brotherhood's paramilitary wing waged a guerrilla campaign against British rule and, after independence, against Nasser.

<sup>21</sup> According to Essam al-Arian, a leading figure in the movement, "The Muslim Brotherhood does not recognize Israel and rejects the Camp David agreement.... If a popular referendum were held, we're sure the people would also reject it." See, "Egyptian Government, not People, Recognize Israel," *Inter Press Service*, December 21, 2007.



democratic system, then they would temper their rhetoric in order to appeal to a wider audience.

Most analysts believe that, from an organizational standpoint, the Brotherhood is the only movement capable of mobilizing significant opposition to the government, though opinions vary on how much mass support the Brotherhood commands. As is typical for Islamist groups across the region, the Muslim Brotherhood is strongest among the professional middle class, controlling many of the professional syndicates (associations), including those representing engineers, doctors, lawyers and academics.<sup>22</sup>

**The Brotherhood's "Party Platform".** For years critics have charged that the Muslim Brotherhood, like other Islamists groups, has been unable to articulate concrete policies and has relied too heavily on conveying its agenda through vague slogans, such as the party mantra of "Islam is the solution." When the Brotherhood circulated a draft party platform in late 2007, it generated a great deal of attention and condemnation by its opponents. The draft, which was contested by a more moderate faction of the Brotherhood,<sup>23</sup> reportedly called for the establishment of a board of religious scholars with whom the president and the legislature would have to consult before passing laws. According to one critic, "Reminiscent of Iran's Guardian Council, this undemocratically selected body could have the power vested by the state to veto any and all legislation passed by the Egyptian parliament and approved by the president that is not compatible with Islamic sharia law....The Muslim Brotherhood should have looked to Turkey as a model for how to integrate Islam into a secular system."<sup>24</sup> The draft platform also states that neither women nor Christians may stand for president.

## Civil Society in Egypt

Although political opposition continues to be stymied, observers note that, over the past two decades, Egypt has developed a vibrant civil society, which some development experts hope will further democratization in the country. The term "civil society" generally refers to the growing number of non-governmental organizations (NGOs), charities, and advocacy groups that openly operate in Egyptian society. Many of these groups pursue so-called "safe issues," such as women's rights, human rights, and social equality, as a way to work toward the much broader goal of democratization. Often times, the Egyptian government has created its own associations in order to boost its reform image at home and abroad, such as the government-sponsored National Council on Human Rights.

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<sup>22</sup> John Walsh, "Egypt's Muslim Brotherhood," *Harvard International Review* (Cambridge: winter 2003), vol. 24, issue 4, p. 32.

<sup>23</sup> Some observers contend that the authorities deliberately arrested the more moderate Brotherhood members in order to make the platform reflective of conservative and hardliners' positions. See, "Egypt Politics: Brothers at Odds," *Economist Intelligence Unit - ViewsWire*, October 15, 2007.

<sup>24</sup> "The Muslim Brotherhood Shows its True Colors," *Christian Science Monitor*, October 12, 2007.

In Egypt, NGOs are required to apply for legal status and, according to Association Law 84-2003, NGOs must be registered with the Ministry of Social Affairs. There are an estimated 16,000 registered civic organizations in Egypt. In some cases, it may take years before the ministry rules on an application, and many groups are routinely rejected. If an NGO's application is rejected, it has few legal rights and can be shut down. Its members can be imprisoned. However, even registered NGOs must tread carefully when engaging in sensitive political issues, as some groups have been periodically closed or have had their legal status revoked. NGO's also must report all foreign donations to the Ministry of Social Affairs. Overall, tolerance for the activities of non-registered groups varies, and many NGOs operate without any legal protection.<sup>25</sup>

## Organized Labor

While reform-minded intellectuals and conservative Islamists have served as the backbone of political opposition in Egypt, a series of successful worker strikes in 2007 have led some analysts to speculate that organized labor could be the most effective opposition movement in Egypt today.<sup>26</sup> Low wages and rising inflation have led to several strikes at mostly government-owned textile factories. One strike, at a textile factory in the Nile Delta town of Mahalla al Kubra, witnessed a week-long sit-in of an estimated 20,000 workers. Protestors not only demanded a wage hike, but expressed their opposition to the government's economic liberalization strategy, fearing that privatization plans will lead to job cuts. According to Joel Benin, a professor at the American University in Cairo, "It seems like the decision is to pacify the workers and give them what they want and crack down on the intellectuals and not give them anything.... The workers are more of a threat." A recent report by Carnegie Endowment for International Peace speculated that:

recent strikes represented a departure from the tradition of workers holding sit-ins while work continued, because strikes were seen as hurting Egypt's national interest. This perception changed, however, as the reform process advanced. A new feature of the most recent strikes is that they are ending peacefully, whereas in the past they would be broken by police force. Some analysts have interpreted this as a sign of the increased societal tensions around economic reform, while others have seen it as a result of increased international scrutiny.<sup>27</sup>

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<sup>25</sup> Human Rights Watch, "Margins of Repression: State Limits on Non-Governmental Organization Activism," July 2005. Available online at [<http://hrw.org/english/docs/2005/07/04/egypt11217.htm>].

<sup>26</sup> While Egyptian workers belong to a number of trade unions, the Egyptian Trade Union Federation (also referred to as the General Confederation of Trade Unions), is the sole legally recognized labor federation.

<sup>27</sup> Sufyan Alissa, "The Political Economy of Reform in Egypt: Understanding the Role of Institutions," *Carnegie Endowment for International Peace*, Carnegie Middle East Center, October 2007.

## Current Issues in U.S.-Egyptian Relations

### The Debate over U.S. Assistance to Egypt

For the past four years, Congress has debated whether U.S. foreign aid to Egypt should be conditioned on, among other things, improvements in Egypt's human rights record, its progress on democratization, and its efforts to control the Egypt-Gaza border. Some Members believe that U.S. assistance to Egypt has not been effective in promoting political and economic reform and that foreign assistance agreements must be renegotiated to include benchmarks that Egypt must meet to continue to qualify for U.S. foreign aid. Others have periodically called for restrictions on U.S. aid to Egypt on the grounds that Egypt's record on religious freedom is substandard.

The Administration, some lawmakers, and the Egyptian government assert that reducing Egypt's aid would undercut U.S. strategic interests in the area, including support for Middle East peace, U.S. naval access to the Suez Canal, and U.S.-Egyptian intelligence cooperation. U.S. military officials argue that continued U.S. military support to Egypt facilitates strong military-to-military ties. The U.S. Navy, which sends an average of a dozen ships through the Suez Canal per month, receives expedited processing for its nuclear warships to pass through the Canal, a valued service that can normally take weeks for other foreign navies. In addition, some U.S. lawmakers argue that cutting aid, particularly military assistance, harms the United States since all of Egypt's FMF must be spent on American hardware and associated services and training.

**The FY2008 Withholding of U.S. Military Aid.** During consideration of the House version of the FY2008 State, Foreign Operations, and Related Programs Appropriations bill (H.R. 2764), lawmakers inserted new language that proposed to withhold \$200 million in Foreign Military Financing assistance (FMF) to Egypt until the Secretary of State certifies that Egypt has taken concrete steps toward improving its human rights record, strengthening judicial independence, and curbing Palestinian smuggling along the Gaza border.

Despite vociferous protests from the Egyptian government asserting that this conditionality would harm bilateral relations, Congress passed legislation that temporarily suspended some aid to Egypt. P.L. 110-161, the FY2008 Consolidated Appropriations Act, contained Section 690, which withheld the obligation of \$100 million in FMF or ESF until the Secretary of State certifies, among other things, that Egypt has taken concrete steps to "adopt and implement judicial reforms that protect the independence of the judiciary; review criminal procedures and train police leadership in modern policing to curb police abuses; and detect and destroy the smuggling network and tunnels that lead from Egypt to Gaza."

Both during consideration of P.L. 110-161 and after its passage, Egyptian officials charged that certain Israeli officials were publicly supporting congressional efforts to condition U.S. aid to Egypt in order to compel for more Egyptian cooperation in tightening control over the Gaza border. In a January 2008 interview, Egyptian Foreign Minister Ahmed Aboul Gheit said that "Israel has succeeded in

inciting the U.S. Congress, and not the U.S. Administration, by putting some sticks in the wheels of this relationship.... Some people on the U.S. side adopted the Israeli position, and the U.S. aid program (to Egypt) came to be targeted.... We succeeded in cutting Israel down to its real size as far as its talk about the tunnels is concerned.”<sup>28</sup>

Israeli leaders suggested that Egypt’s accusations were overblown. During a December 2007 Israeli Knesset Foreign Affairs and Defense Committee meeting, Israeli Foreign Minister Tzipi Livni defended the Israeli Foreign Ministry’s decision not to distribute alleged video footage of Egyptian soldiers assisting Hamas smugglers to U.S. lawmakers, stating that “Some things are done on stage, some are done in Congress, and some other things are done behind the scenes. Every move needs to be calculated. To take an extreme scenario, would you sever relations with Egypt over weapons smuggling?”<sup>29</sup>

Although the Administration ultimately waived the restrictions laid out in Section 690 of the FY2008 Consolidated Appropriations Act,<sup>30</sup> questions remain over whether congressional action successfully achieved a change in Egypt’s behavior. According to Representative Steve Israel, “From the moment Congress began circulating the language conditioning aid to Egypt, the Egyptians began to make an effort to close the tunnels.”<sup>31</sup> During and after the debate on aid conditionality, the Administration sought to broker a solution to the smuggling problem that was amenable to all parties. In late 2007, the Administration set aside \$23 million of Egypt’s annual Foreign Military Financing (FMF) toward the procurement of more advanced detection equipment, such as sensors and remote-controlled robotic devices. On June 16, 2008, U.S. Embassy in Cairo Spokesman Robert Greenan said that a U.S. (Defense Department) team had begun training Egyptian forces in using electronic equipment to detect smuggling tunnels.

**Recent History of Congressional Action on Aid to Egypt .** Since the 108<sup>th</sup> Congress, there have been several attempts in Congress to reduce or reallocate U.S. assistance to Egypt, including the following.

### **108<sup>th</sup> Congress**

- An amendment offered on July 15, 2004, to the House FY2005 foreign operations bill (H.R. 4818) would have reduced U.S. military aid to Egypt by \$570 million and increased economic aid by the same amount, but the amendment failed by a vote of 131 to 287.

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<sup>28</sup> “Egyptian FM says Israel Incited U.S. Congress to Withhold Aid,” *Ha’aretz*, January 15, 2008.

<sup>29</sup> See, “Livni, Gheit to Patch up Relationship,” *Jerusalem Post*, April 29, 2008.

<sup>30</sup> In March 2008, U.S. Secretary of State Condoleezza Rice stated that “I have exercised on behalf of the United States the waiver in terms of Egyptian assistance.... The Bush Administration sought to have that flexibility. We believe that this relationship with Egypt is an important one and that the waiver was the right thing to do.”

<sup>31</sup> “Threat To Cut U.S. Aid Opens Rift With Egypt,” *The Forward*, January 9, 2008.

**109<sup>th</sup> Congress**

- An amendment offered on June 28, 2005, to the House FY2006 foreign operations bill (H.R. 3057) would have reduced U.S. military aid to Egypt by \$750 million and would have transferred that amount to child survival and health programs managed by USAID. The amendment failed by a recorded vote of 87 to 326.
- H.R. 2601, the FY2006/FY2007 House Foreign Relations Authorization bill, would have reduced U.S. military assistance to Egypt by \$40 million for each of the next three fiscal years, while using the funds to promote economic changes, fight poverty, and improve education in Egypt. There was no comparable provision in the Senate's Foreign Relations Authorization bill (S. 600).
- On May 25, 2006, the House Appropriations Committee in a voice vote rejected an amendment to cut \$200 million in military aid to Egypt during markup of H.R. 5522, the FY2007 Foreign Operations Appropriations Bill. In June 2006, the House narrowly defeated an amendment (198-225) to the bill that would have reallocated \$100 million in economic aid to Egypt and used it instead to fight AIDS worldwide and to assist the Darfur region of Sudan. Many supporters of the amendment were dismayed by the Egyptian government's spring 2006 crackdown on pro-democracy activists in Cairo. Representative David Obey of Wisconsin sponsored both amendments.
- In report language (H.Rept. 109-486) accompanying the House version of H.R. 5522, the FY2007 Foreign Operations Appropriations Bill, appropriators recommended that the Administration rescind \$200 million in cash assistance funds previously appropriated but not yet expended. The Senate version recommended rescinding \$300 million from prior year ESF assistance for Egypt.

**110<sup>th</sup> Congress**

- On February 15, 2007, Congress passed H.J.Res 20, the FY2007 Revised Continuing Appropriations Resolution (P.L. 110-5). Section 20405 of the act rescinded \$200 million in previously appropriated economic assistance to Egypt.
- Section 690 of P.L. 110-161, the Consolidated Appropriations Act, FY2008, withheld the obligation of \$100 million in FMF or ESF until the Secretary of State certifies, among other things, that Egypt has taken concrete steps to "detect and destroy the smuggling network and tunnels that lead from Egypt to Gaza."

## Hamas and the Egypt-Gaza Border

**Overview.** Since Israel unilaterally dismantled its settlements and withdrew its troops from the Gaza Strip in August 2005, it has repeatedly expressed concern over the security of the Egypt-Gaza border. Israel claims that smuggling of sophisticated weaponry into the Gaza Strip could shift the balance of power in Hamas's favor. Israel also asserts that Egypt is not adequately sealing its side of the border, citing the breakthrough of hundreds of thousands of Palestinians who rushed into Egypt on January 23, 2008. Egypt claims that Israel has not only exaggerated the threat posed by weapons smuggling, but is deliberately acting to "sabotage" U.S.-Egyptian relations by demanding that the United States condition its annual \$1.3 billion in military assistance on Egypt's efforts to thwart smuggling.

**Hamas-Egypt Relations.** Hamas's control of the Gaza Strip poses a challenge for Egypt, which wants to keep Hamas isolated, but not be held solely responsible for failing to do so by either Israel or the United States. In addition, the secular Mubarak regime is opposed to Islamists wielding real political power, and it fears that Hamas could serve as a model for Egyptian Muslim Brotherhood activists who may secretly yearn for an Iranian-style revolution in Egypt. Moreover, due to domestic political sensitivities in Egypt, its leaders have sought to avoid the appearance of harming Palestinian civilians. Based on the events of January 23, Egyptian forces appear unwilling to shoot either Hamas members or civilians who breach the border fence unless it is in self-defense. Hamas deftly exploits Egyptian public opinion to its benefit and to the detriment of Egypt's military. According to Mouin Rabbani, an analyst at the International Crisis Group think tank in Jordan, "Egypt is confronted with what for them is a nasty dilemma — put in the position of being co-jailer of Gaza Palestinians."

Hamas has criticized Egypt for indirectly supporting Israel's Gaza isolation policy. In an interview conducted by the International Crisis Group, one unnamed Hamas official said:

Egypt and Israel have turned Gaza into a prison. In a prison, only five things are available: air, water, light, food, and medicine. That is all Egypt and Israel make available to us. We cannot put Egypt and Israel on a par, but the Egyptians share the responsibility. They are doing nothing, less than nothing if that's possible, and it is a disgrace.<sup>32</sup>

On April 8, a Hamas spokesperson threatened to breach the border again, stating that "I expect that what will happen next will be greater than what happened before, not only against the Egyptian border, but against all the crossings." In May 2008, Hamas again warned that desperate circumstances inside Gaza would lead to an "unprecedented explosion" along the border with Egypt. Although a Hamas official, Sami abu Zahri, immediately softened the group's rhetoric, stating that "Hamas has no plan to knock down the border fence or to target Egyptian border guards," Egypt

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<sup>32</sup> "Ruling Palestine I: Gaza Under Hamas," International Crisis Group, Middle East Report, number 73, March 19, 2008.

has started construction of 11-foot high concrete wall along its Gaza border to deter future provocations.

In recent months, Israel has quietly expressed support for Egypt's border efforts. Yuval Diskin, head of Israel's internal intelligence service (Shin Bet), stated that "the Egyptian activity isn't perfect and much more must be done but they are preventing more smuggling attempts."<sup>33</sup>

### **The Egyptian-Brokered "Cease-Fire" and Rafah Border Crossing.**

On June 17, 2008, Egypt announced that it had successfully brokered a six-month, Israeli-Hamas unofficial cease-fire agreement. Reportedly, the United States supported Egypt's role as a mediator between Israel and Hamas (a U.S.-designated Foreign Terrorist Organization). Previous cease-fire arrangements have been short-lived, and many observers expect that this new arrangement will ultimately break down. Nevertheless, media reports indicate that under the terms of the truce (or calm), Israel will ease its Gaza closure policy, and may stop objecting to the reopening of the Rafah border crossing<sup>34</sup> if, among other things, discernible progress is made on the release of Gilad Shalit, the Israeli soldier who has been held by Hamas for nearly two years.

Since Shalit was captured on June 25, 2006, the Rafah Crossing Point has been closed for normal operations and open on an exceptional basis only. In order to resume its normal operation, Israel, Egypt, and the international community have demanded that the Palestinian Authority be allowed to resume control over the Gaza side of the border. So far, Hamas has rejected this position and has insisted that it retain control over its side of the crossing.

## **Inflation and Prospects for Social Unrest**

With the price of oil at an all-time high, consumers throughout the developing world are being financially squeezed by subsequent increases in the price of fuel, food, and other basic necessities. In Egypt, where an estimated 20% of the country's 80 million citizens live in poverty (international estimates suggest that up to 40% of Egyptians lived on less than \$2 a day), there is some concern that inflationary pressures could lead to social unrest. Most middle and lower class Egyptians have not benefitted from strong macroeconomic growth (7.1% in 2007), and bread prices have

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<sup>33</sup> "Diskin: Egypt doing More to Stop Arms Smuggling; PM, Abbas to Meet Today," *Ha'aretz*, April 7, 2008.

<sup>34</sup> The Rafah crossing point is the only non-Israeli army-controlled access point for Palestinians to leave Gaza. When Israel unilaterally withdrew from the Gaza Strip in 2005, Secretary of State Rice helped broker an agreement ("The Agreement on Movement and Access") between Israel, Egypt, and the Palestinian Authority to provide Gazans access through the Rafah terminal. Israel agreed to allow the European Union to maintain a Border Assistance Mission (EUBAM) to monitor the Rafah crossing. Without a physical presence on the border, Israel monitored the checkpoint using closed-circuit cameras. Most importantly, Israel retained the power to open and close the crossing based on its assessment of the security situation. After Hamas took over the Gaza Strip in June 2007, Egypt worked with Israel to close the Rafah crossing.

climbed nearly 50% over the past year. Bread is heavily subsidized in Egypt, where anyone can buy it, though in limited quantities. As food prices have increased, consumer demand for subsidized bread also has risen.<sup>35</sup> Many observers assert that the entire subsidy system is broken, as many government-subsidized bakeries conspire with corrupt bureaucrats and inspectors to sell their allotments to private bakeries. Larger families in need of more bread must turn to private distributors, whose prices have skyrocketed, and shortages have compelled President Mubarak to order the military to bake additional loaves. In the past several months, an estimated 11 people have died in bread lines either from heat exhaustion or stab wounds suffered in altercations for positions in line.<sup>36</sup> In 1977, when the Egyptian government temporarily lifted its bread subsidy, 70 people were killed in rioting, and then President Sadat had to order the military to deploy to Cairo to restore order. For five days, the government lost control of its capital city.

As of June 2008, the economic situation for middle and lower class Egyptians has not improved, and some analysts are beginning to speculate that the food crisis and inflation may threaten the Mubarak regime's very survival. In early April 2008, spontaneous demonstrations and rioting broke out in Mahalla al Kubra, as protestors responded angrily to the government's heavy-handed attempts to deter activists from carrying out a nation-wide general strike called for Sunday, April 6. During the riot, protestors destroyed portraits of President Mubarak, two schools were burned, and 70 people were injured from tear gas and rubber bullets used by the police. One bystander, a 15-year-old, was shot while standing in the third-floor balcony of his apartment.<sup>37</sup> The Egyptian government sent a high-level delegation to the town to calm tensions, offering bonuses and higher wages for workers. In June, protests again erupted in the Mediterranean town of Burullus after local officials banned the sale of subsidized flour directly to people in order to crack down on black market trading. According to various reports, 60 were injured in the melee and 87 arrested.

President Mubarak and his government have made some attempt at easing the inflation burden on average consumers. In April, the president announced a 30% public-sector wage increase. A month later, the government expanded its food ration program to cover an additional 17 million people, making more than 70% of the total population eligible for subsidized rations. However, after the government announced that these expanded social welfare benefits would be paid for by lifting fuel subsidies and thereby raising gas prices, public anger grew, and the government lost any of the good will it had accrued from earlier plans to relieve consumers.

## **Human Rights, Religious Freedom, and Women's Rights**

As a major recipient of U.S. assistance, Egypt has been of great interest to lawmakers, some of whom believe that portions of U.S. aid should be conditioned

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<sup>35</sup> The subsidized price of a 110-pound sack of flour has been less than \$3 for years. In early 2008, it reached \$45 on the open market. See, "In Egypt, Upper Crust Gets the Bread; Shortage Exposes Inequities," *Washington Post*, April 5, 2008.

<sup>36</sup> "Struggling Country Where Bread Means Life," *Guardian* (UK), April 12, 2008.

<sup>37</sup> "Two Die after Clashes in Egypt Industrial Town," *Reuters*, April 8, 2008.



on improvements in Egypt's human rights record. According to the U.S. State Department's 2007 *Country Reports on Human Rights Practices*, the Egyptian government's respect for human rights "remained poor, and serious abuses continued in many areas." The 2007 report, as in past years, documents several instances of torture allegedly carried out by Egyptian security forces. The prison system, particularly detention facilities used for incarcerating suspected Islamist radicals, has come under increasing international scrutiny for exacerbating militancy in the region due to its tendency to harden some criminals who have been tortured over prolonged periods of time. Several of Al Qaeda's leaders, including second-in-command Ayman al Zawahiri, were former prisoners in Egyptian jails.

International human rights organizations have long documented instances of torture, arbitrary detainment, and discrimination against women, homosexuals, and Coptic Christians in Egypt. In 2007, the international human rights watchdog group *Human Rights Watch* actually commended the government for convicting two police officers on charges of illegally detaining, beating and then raping a 21-year-old mini-bus driver while he was in police custody.<sup>38</sup> However, some observers suggest that the incident was an attempt to placate the international community and would never have come to light had Egyptian bloggers not circulated over the internet a cell phone video of the bus driver's beating.

Some Egyptian and international human rights activists have charged that U.S. human rights policy toward Egypt is hypocritical, asserting that U.S. policymakers have not adequately championed improved human rights in Egypt due to *realpolitik* considerations in the region. In addition, several reports suggest that, since the September 11, 2001, terrorist attacks, the U.S. Central Intelligence Agency has deported several suspected Al Qaeda operatives to Egypt (along with other Arab countries) in order to be interrogated and possibly tortured.<sup>39</sup> Some observers have questioned the credibility of U.S. human rights policy toward Egypt, if, on the one hand, the United States condemns Egyptian practices of torture and illegal detainment, and, on the other hand, the United States condones Egyptian government behavior when it suits the interests of U.S. national security.

**Religious Freedom.** There is no official government policy of discrimination against the 9 million Coptic Christians in Egypt, and the Constitution provides for equal rights without regard to religion. Nevertheless, critics note that there are no Christians serving as governors, police commissioners, city mayors, public university presidents, or deans.<sup>40</sup> Although Coptic Christians play a prominent role in the private sector, the U.S. State Department's 2007 International Religious Freedom Report notes that only 6 Christians (5 appointed, 1 elected) serve in the 454-seat

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<sup>38</sup> "Egypt: Police Officers Get Three Years for Beating, Raping Detainee," *Human Rights Watch*, November 7, 2007.

<sup>39</sup> Egypt has admitted that between 60 and 70 of its citizens have been seized abroad and flown to Egypt. See, "Inside the Dark World of Rendition," *The Independent* (London), June 8, 2007.

<sup>40</sup> Egypt's Minister of Finance, Yusef Boutros-Ghali, hails from a prominent Christian family.

People's Assembly and only 2 Christians serve in the 32-member cabinet.<sup>41</sup> Converts to Christianity in Egypt may face bureaucratic obstacles in registering their new religious status with the state. In addition, there have been reports of periodic discrimination against small minority communities of Baha'is (an estimated 2,000 Baha'is live in Egypt), Shiites, and Jews (200 remain in Egypt). However, in January 2008, an Egyptian court ruled that Baha'is may obtain state documents if they omit listing their faith on their identification cards, a move that repudiates the Muslim religious establishment's longtime refusal to recognize the Baha'i faith.

Despite government efforts to improve Muslim-Christian relations, a number of obstacles remain. For example, the 10 articles of "Humayun," or the Humayun Code, a portion of Ottoman legislation from 1856, still controls the building or repair of churches in Egypt and is a source of great aggravation to Coptic Christians. Under this law, a license is required to erect a church. In addition, there are ten restricting conditions for the construction of churches, including a minimum distance between churches and between a church and the nearest mosque, as well as the absence of objection on the part of Muslim neighbors. In December 2004, President Mubarak issued a new decree that devolved church repair and reconstruction decisions to the provincial level and stipulated that churches would be permitted to proceed with rebuilding and repair without legal hindrance. However, permits for construction of new churches require a presidential decree.

**Women's Rights.** Although Egyptian women have played major roles in the country's drive for independence and many women currently serve in prestigious public posts, women face a number of obstacles at the legal, religious, and cultural levels. Female genital mutilation (FGM) remained a serious problem because of widespread cultural acceptance, despite the government's attempts to eliminate the practice. Moreover, personal status laws governing marriage, divorce, custody, and inheritance discriminate against women, particularly when it comes to divorce, as there is much societal resistance to breaking up the family unit. Domestic violence also is a major issue, as some estimate that as many as a third of all married Egyptian women have faced some form of physical abuse.<sup>42</sup> In recent years, new non-governmental organizations have started to provide services and counseling to women who may be too afraid to go to the authorities.

## U.S. Foreign Assistance to Egypt

Since 1979, Egypt has been the second largest recipient, after Israel, of U.S. foreign assistance. Congress typically earmarks foreign assistance for Egypt in the foreign operations appropriations bill.

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<sup>41</sup> U.S. State Department, *International Religious Freedom Report 2007*, Released by the Bureau of Democracy, Human Rights, and Labor, September 14, 2007.

<sup>42</sup> Human Rights Watch, "Divorced from Justice: Women's Unequal Access to Divorce in Egypt," June 2004. Available online at [<http://hrw.org/reports/2004/egypt1204/>].

## Economic Aid

Annual bilateral economic assistance to Egypt is provided as both a direct cash transfer to the Egyptian government and as funds for USAID programming in Egypt. In recent years, Congress has sought to specify how Egypt's economic aid would be spent, prioritizing funding for USAID's democracy and education programs. Egypt claims that U.S. assistance programs must be jointly negotiated and cannot be unilaterally dictated by the United States.<sup>43</sup>

U.S. economic assistance to Egypt has been decreasing since 1998, when the United States began reducing economic assistance to Egypt and Israel. In January 1998, Israeli officials negotiated with the United States to reduce economic aid and increase military aid over a 10-year period. A 3 to 2 ratio similar to U.S. aid to Israel and Egypt was applied to the reduction in aid (\$60 million reduction for Israel and \$40 million reduction for Egypt), but Egypt did not receive an increase in military assistance. Economic aid dropped in annual \$40 million increments from \$815 million in FY1998 to \$415 million in ESF in FY2008.<sup>44</sup>

Due to the Egyptian economy's strong macroeconomic growth, a growing desire for more U.S.-Egyptian trade, and a reluctance by the Egyptian government to accept "conditions" on U.S. aid, U.S. and Egyptian officials have expressed a desire to "graduate" Egypt from U.S. bilateral economic assistance. However, neither the United States nor Egypt seem to agree on how aid should be reduced over the coming decade. Egypt would like to establish an endowment to jointly fund development projects. Some analysts believe that the proposed endowment, which reportedly would be matched by the Egyptian government on a dollar-for-dollar basis, would serve as a substitute for the annual appropriations process and shield Egypt from potential conditionality agreements mandated by Congress. So far, the Administration has moved ahead with its own plans for reducing economic aid to Egypt.

For FY2009, the Administration is requesting \$200 million in ESF for Egypt, a notable decrease from previous fiscal years. According to the U.S. State Department's FY2009 Congressional Budget Justification, "FY2009 economic assistance funds for Egypt will decrease from the FY 2008 level, reflecting a more balanced, mature bilateral relationship consisting of foreign assistance and commercial linkages." Of the \$200 million FY2009 ESF request, \$110 million will

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<sup>43</sup> Congress seeks to ensure that U.S. foreign assistance for Egypt is being appropriately used to promote reform. In conference report (H.Rept. 108-792) language accompanying P.L. 108-447, the FY2005 Consolidated Appropriations Act, conferees specified that "democracy and governance activities shall not be subject to the prior approval of the GoE [government of Egypt]. The managers intend this language to include NGOs and other segments of civil society that may not be registered with, or officially recognized by, the GoE. However, the managers understand that the GoE should be kept informed of funding provided pursuant to these activities."

<sup>44</sup> Egypt has periodically received supplemental aid. The FY2003 Emergency Supplemental Appropriations Act (P.L. 108-11) included \$300 million in ESF for Egypt, which was used to cover the costs of up to \$2 billion in loan guarantees issued over three years.

be used for education and health projects managed by USAID; \$45 million will be used for democracy programs, including direct grants to Egyptian NGOs; and \$44 million will be provided to Egypt as a direct cash transfer to help Egypt further liberalize its economy.

## **Military Aid**

The Administration has requested \$1.3 billion in FMF for Egypt in FY2009 — the same amount it received in FY2008. FMF aid to Egypt is divided into three general components: (1) acquisitions, (2) upgrades to existing equipment, and (3) follow-on support/ maintenance contracts. According to U.S. and Egyptian defense officials, approximately 30% of annual FMF aid to Egypt is spent on new weapons systems, as Egypt's defense modernization plan is designed to gradually replace most of Egypt's older Soviet weaponry with U.S. equipment.<sup>45</sup> That figure is expected to decline over the long term due to the rising costs associated with follow-on maintenance contracts. Egyptian military officials have repeatedly sought additional FMF funds to offset the escalating costs of follow-on support. They point out that as costs rise, static aid appropriations amount to a reduction in net assistance. Egypt also receives Excess Defense Articles (EDA) worth hundreds of millions of dollars annually from the Pentagon. Egyptian officers also participate in the IMET program (\$1.3 million requested for FY2009) in order to facilitate U.S.-Egyptian military cooperation over the long term.

In addition to large amounts of annual U.S. military assistance, Egypt also benefits from certain aid provisions that are available to only a few other countries. Since 2000, Egypt's FMF funds have been deposited in an interest bearing account in the Federal Reserve Bank of New York and have remained there until they are obligated. By law (P.L. 106-280), Congress must be notified if any of the interest accrued in this account is obligated. Most importantly, Egypt is allowed to set aside FMF funds for current year payments only, rather than set aside the full amount needed to meet the full cost of multi-year purchases. Cash flow financing allows Egypt to negotiate major arms purchases with U.S. defense suppliers.

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<sup>45</sup> According to a 2006 Government Accountability Office report, over the life of Egypt's FMF program, Egypt has purchased 36 Apache helicopters, 220 F-16 aircraft, 880 M1A1 tanks, and the accompanying training and maintenance to support these systems, among other items. See [<http://www.gao.gov/new.items/d06437.pdf>].

**Table 1: Recent U.S. Foreign Assistance to Egypt**  
(\$s in millions)

<b>Fiscal Year</b>	<b>Economic</b>	<b>Military</b>	<b>IMET</b>	<b>Total</b>
1948-1997	23,288.6	22,353.5	27.3	45,669.4
1998	815.0	1,300.0	1.0	2,116.0
1999	775.0	1,300.0	1.0	2,076.0
2000	727.3	1,300.0	1.0	2,028.3
2001	695.0	1,300.0	1.0	1,996.0
2002	655.0	1,300.0	1.0	1,956.0
2003	911.0	1,300.0	1.2	2,212.2
2004	571.6	1,292.3	1.4	1,865.3
2005	530.7	1,289.6	1.2	1,821.5
2006	490.0	1,287.0	1.2	1,778.2
2007	450.0	1,300.0	1.3	1,751.3
2008	411.6	1,289.4	1.2	1,702.2
<b>Total</b>	<b>30,320.8</b>	<b>36,611.8</b>	<b>39.8</b>	<b>66,972.4</b>

**Table 2. U.S. Foreign Assistance to Egypt, 1946-1997**  
(millions of dollars)

Year	Total	Military Loan	Military Grant	I.M.E.T Grant	Misc. Economic Grant	D.A. Loan	D.A. Grant	ESF Loan	ESF Grant	P.L. 480 I	P.L. 480 II
1946	9.6	—	—	—	9.3 Surplus 0.3 UNWRA	—	—	—	—	—	—
1948	1.4	—	—	—	1.4 Surplus	—	—	—	—	—	—
1951	0.1	—	—	—	0.1 Tech Asst	—	—	—	—	—	—
1952	1.2	—	—	—	—	—	0.4	—	—	—	0.8
1953	12.9	—	—	—	—	—	12.9	—	—	—	—
1954	4	—	—	—	—	—	3.3	—	—	—	0.7
1955	66.3	—	—	—	—	7.5	35.3	—	—	—	23.5
1956	33.3	—	—	—	—	—	2.6	—	—	13.2	17.5
1957	1	—	—	—	—	—	0.7	—	—	—	0.3
1958	0.6	—	—	—	—	—	0	—	—	—	0.6
1959	44.8	—	—	—	—	—	2	—	—	33.9	8.9
1960	65.9	—	—	—	—	15.4	5.7	—	—	36.6	8.2
1961	73.5	—	—	—	—	—	2.3	—	—	48.6	22.6
1962	200.5	—	—	—	—	20	2.2	20	—	114	44.3
1963	146.7	—	—	—	—	36.3	2.3	10	—	78.5	19.6
1964	95.5	—	—	—	—	—	1.4	—	—	85.2	8.9
1965	97.6	—	—	—	—	—	2.3	—	—	84.9	10.4
1966	27.6	—	—	—	—	—	1.5	—	—	16.4	9.7
1967	12.6	—	—	—	—	—	0.8	—	—	—	11.8
1972	1.5	—	—	—	—	1.5	—	—	—	—	—
1973	0.8	—	—	—	—	—	—	—	—	—	0.8
1974	21.3	—	—	—	—	—	—	—	8.5	9.5	3.3
1975	370.1	—	—	—	—	—	—	194.3	58.5	104.5	12.8
1976	464.3	—	—	—	—	—	5.4	150	102.8	201.7	4.4
TQ	552.5	—	—	—	—	—	—	429	107.8	14.6	1.1
1977	907.8	—	—	—	—	—	—	600	99.2	196.8	11.7
1978	943.2	—	—	0.2	0.1 Narc.	—	—	617.4	133.3	179.7	12.5
1979	2588.5	1500	—	0.4	—	—	—	250	585	230.7	22.4
1980	1167.3	—	—	0.8	—	—	—	280	585	285.3	16.1
1981	1681.2	550	—	0.8	—	—	—	70	759	272.5	28.9
1982	1967.3	700	200	2.4	—	—	—	—	771	262	31.9
1983	2332	900	425	1.9	—	—	—	—	750	238.3	16.8
1984	2470.8	900	465	1.7	—	—	—	—	852.9	237.5	13.7

Year	Total	Military Loan	Military Grant	I.M.E.T Grant	Misc. Economic Grant	D.A. Loan	D.A. Grant	ESF Loan	ESF Grant	P.L. 480 I	P.L. 480 II
1985	2468.7	—	1175	1.7	—	—	—	—	1065.1	213.8	13.2
1986	2539.1	—	1244.1	1.7	—	—	—	—	1069.2	217.5	6.6
1987	2317	—	1300	1.8	—	—	—	—	819.7	191.7	3.9
1988	2174.9	—	1300	1.5	—	—	—	—	717.8	153	2.6
1989	2269.6	—	1300	1.5	—	—	1.5	—	815	150.5	1.2
1990	2397.4	—	1294.4	1.6	—	—	—	—	898.4	203	—
1991	2300.2	—	1300	1.9	—	—	—	—	780.8	165	52.5
1992	2235.1	—	1300	1.8	—	—	—	—	892.9	40.4	—
1993	2052.9	—	1300	1.8	—	—	—	—	747.0	—	4.1
1994	1868.6	—	1300	0.8	—	—	—	—	561.6	35	6.2
1995	2414.5	—	1300	1	—	—	0.2	—	1113.3	—	—
1996	2116.6	—	1300	1	—	—	—	—	815	—	0.6
1997P	2116	—	1300	1	—	—	—	—	815	—	—
Total	45669.4	4550	17803.5	27.3.0	11.2	80.7	82.8	2620.7	15923.8	4,114.3	455.1

**Notes:** Totals may not add due to rounding. No U.S. aid programs for years 1947, 1949, 1950, 1968, 1969, 1970, and 1971. P.L. 480 II Grant for 1993 includes \$2.1 million in Sec. 416 food donations.

TQ = Transition Quarter; change from June to September fiscal year

\* = less than \$100,000

I.M.E.T. = International Military Education and Training

UNRWA = United Nations Relief and Works Agency

Surplus = Surplus Property

Tech. Asst. = Technical Assistance

Narc. = International Narcotics Control

D. A. = Development Assistance

ESF = Economic Support Funds

P.L. 480 I = Public Law 480 (Food for Peace), Title I Loan

P.L. 480 II = Public Law 480 (Food for Peace), Title II Grant

P = Preliminary