



Egypt: Background and U.S. Relations

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Summary

This report provides an overview of U.S.-Egyptian relations, Egyptian politics, and U.S. foreign aid to Egypt. Major public unrest transpiring in Egypt and elsewhere in the Arab world in recent weeks raises challenging policy questions for the United States government and the 112th Congress. U.S. policy toward Egypt has long been framed as an investment in regional stability, built primarily on long-running military cooperation and sustaining the March 1979 Egyptian-Israeli peace treaty. Successive U.S. Administrations have viewed Egypt's government as a moderating influence in the Middle East. At the same time, there have been increasing U.S. calls for Egypt to democratize. In recent years, congressional views of U.S.-Egyptian relations have varied. Many lawmakers have viewed Egypt as a stabilizing regional force, but some members have argued for the United States to pressure Egypt's government to implement political reforms, improve human rights, and take a more active role in reducing Arab-Israeli tensions. Those concerns, in addition to economic frustration, are now driving the most significant public unrest in Egypt in a generation. The Obama Administration has called on the Egyptian government to respect the basic rights of protestors and has expressed concern about violence, while calling for a meaningful transition toward more democratic governance to begin immediately.

U.S. policy makers are now grappling with complex questions about the future of U.S.-Egypt relations and these debates are likely to influence consideration of appropriations and authorization legislation in the 112th Congress. The United States has provided Egypt with an annual average of \$2 billion in economic and military foreign assistance since 1979. In FY2010, the United States provided Egypt with \$1.552 billion in total assistance. Congress appropriated FY2010 aid to Egypt in two separate bills: P.L. 111-117, the Consolidated Appropriations Act, 2010, included \$1.292 billion in economic and military assistance; and P.L. 111-32, the Supplemental Appropriations Act, FY2009, contained \$260 million in FY2010 military assistance. Under P.L. 111-322, the Obama Administration can provide Egypt aid for FY2011 at FY2010 levels until March 4, 2011, or the passage of superseding FY2011 appropriations legislation. For FY2011, the Obama Administration is seeking \$1.552 billion in total assistance, the exact same amount as the previous fiscal year. The Administration's request includes \$1.3 billion in military assistance and \$250 million in economic aid. Some Members of Congress are advocating for a delay or reversal in U.S. assistance policy, while others have argued that decisions about foreign assistance should be made only once the results of recent events are clear.

Prior to the recent unrest, Egyptian politics were already focused on the possibility of a leadership transition in the near future, and political and economic tensions rose throughout 2010. In November and December 2010 parliamentary elections, just one Muslim Brotherhood independent won a seat, and the ruling National Democratic Party won over 90% of all seats (as opposed to slightly less than 80% in the last parliament). Some analysts have criticized the Obama Administration for limiting public criticism of the Egyptian government before and after the election. Others assert that U.S. democracy assistance funding has been largely ineffective and that U.S. assistance should seek to improve the lives of average Egyptians. Some critics of U.S. policy believe that aid should be conditioned on human rights and religious freedom reform.

On February 1, President Barack Obama stated that "throughout this period, we've stood for a set of core principles. First, we oppose violence. ...Second, we stand for universal values, including the rights of the Egyptian people to freedom of assembly, freedom of speech, and the freedom to access information. ...Third, we have spoken out on behalf of the need for change." Reconciling those principles with ongoing events is now the major challenge for U.S.-Egyptian relations.

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Revolution in Egypt: Latest Developments, U.S. Foreign Policy, and Issues for the 112th Congress

Note: A narrative summary of recent events is presented in chronological order below. For the most recent events, please see: “February 2 and 3, 2011: The Battle of Tahrir Square.”

The U.S.-Egyptian relationship has long helped guarantee regional peace in the Middle East, but has now entered a period of profound uncertainty. Amid President Hosni Mubarak’s struggle to remain in power after 29 years, the U.S. government and the 112th Congress face the prospect of either a more democratic Egyptian government (and what that means for Arab-Israeli peace), a more repressive Egyptian government secured using means that could make existing partnership with the United States difficult to maintain, or an Egyptian government in transition, struggling to balance the primacy of the military with real political reform.

As of February 4, the durability of President Hosni Mubarak’s government remains an open question. The failure of Egyptian police to stem protests in late January led many observers to predict that Mubarak would swiftly be forced from office. However, Mubarak and his supporters have held out and pursued a strategy of granting limited political concessions and making promises of planned reform, while instilling a climate of fear to intimidate protestors. The prospect of immediate regime change and the swift emergence of a new democratic order appeared increasingly uncertain in the wake of widely-televised street battles in Cairo on February 2 and 3 between opposition protestors and what appeared to be a mix of regime loyalists and young men intent on violent confrontation. The opposition-regime stalemate on the streets of Cairo mirrors a political stalemate between those demanding Mubarak’s immediate resignation, those open to the concessions Mubarak has made, and the will of Mubarak and his inner circle to hold onto power. The will of the protestors may be tested further, and their ability to demonstrate en masse may determine whether a movement that coalesced only 10 days ago can be sustained. If protestors return to the streets of Cairo in large numbers, the military could face very tough choices. Outside of the immediate protest zone, reports suggest that average Egyptians are enduring increasing economic hardship as the downward spiral created by large scale civil unrest takes its toll. President Mubarak and his military allies appear to have calculated that limited political concessions and the use of brute force will allow them to outlast and break the will of the demonstrators in central Cairo in order to oversee a transfer of power on their terms.

Members of Congress are closely monitoring the situation in Egypt, and some leading figures have called for U.S. assistance to Egypt to be frozen or conditioned pending resolution of the current crisis.¹ Other Members have argued that decisions about the future of U.S. assistance should be taken only after recent unrest is resolved. On February 4, a Senate resolution was introduced that echoes President Obama’s calls for restraint by the Egyptian military and calls on “President Mubarak to immediately begin an orderly and peaceful transition to a democratic political system, including the transfer of power to an inclusive interim caretaker government, in coordination with leaders from Egypt’s opposition, civil society, and military, to enact the necessary reforms to hold free, fair, and internationally credible elections this year.”

¹ For example, on February 3, Senate Senate Appropriations Subcommittee Chairman for State, Foreign Operations, and Related Programs Senator Patrick J. Leahy stated that, “The fact of the matter is, there’s not going to be further foreign aid to Egypt until this gets settled.... Certainly I do not intend to bring it through my committee.”

Lawmakers have an array of concerns with respect to events in Egypt including the following.

- The potential implications of an immediate resignation by President Hosni Mubarak.
- The safety and security of American citizens in Egypt and U.S. efforts to evacuate Americans who want to leave Egypt.
- The Egyptian government's respect for human rights and the security forces' treatment of civilian protestors.
- The possible misuse of U.S.-supplied military equipment to the Egyptian army if soldiers should fire upon peaceful demonstrators.
- The reform of the Egyptian political system into a more democratic space with free and fair elections for president in the fall of 2011.
- The role of the Muslim Brotherhood in Egyptian politics.
- Any new Egyptian government's respect for Egypt's 1979 peace treaty with Israel, its commitments to securing the Suez Canal as an international waterway, and plans for military and counterterrorism cooperation with the United States.

The People's Revolution: A Timeline

In perhaps the most unexpected development in modern Egyptian history, a purely popular revolution that started only 10 days ago has forced President Hosni Mubarak to announce his intention not to stand for reelection for president this fall after 29 years in power. Although for years experts have described simmering discontent among the urban Egyptian masses and a host of socio-economic factors that may breed instability,² none had predicted what has transpired over the last two weeks. Tunisia's "Jasmine Revolution" has inspired popular protests against entrenched dictatorships across the Arab world, and it resonated strongly in Egypt, where recent sectarian violence, an apparently rigged parliamentary election, and the uncertainty surrounding succession all combined to bring unprecedented numbers of Egyptians into the streets.

Since late January, the balance of events in the streets of Cairo has tipped back and forth in favor of opposition protestors and the weight of the political status quo. Events in other major cities have indicated broad dissatisfaction with the status quo and President Mubarak's response to the protests. At the same time, the Egyptian government's limits on media and Internet, the international media's focus on central Cairo, and the relative opacity of events in the broader Cairo metro area, the Nile Delta, and the rural governorates make it difficult to accurately represent the scale or likely trajectory of the unrest. Egypt's U.S.-funded and equipped armed forces have heeded U.S. calls for restraint thus far. However, their apparent acquiescence to violence between opposition protestors and pro-government forces has raised questions about the military's intentions. As of February 4, its leaders, by all accounts, remained loyal to President Mubarak. Observers have examined the durability of that loyalty closely since the protests began.

² According to studies by Gallup, overall wellbeing (as measured by Gallup) in Egypt and Tunisia decreased significantly over the past few years, even as GDP increased. Gallup's data shows that in Egypt, "all income groups have seen wellbeing decline significantly since 2005, with only the richest 20% of the population trending positively since 2009." See, "Egyptians', Tunisians' Wellbeing Plummet Despite GDP Gains," *Gallup*, February 2, 2011.

January 25 to January 28, 2011: Protests and Police Confrontations

Beginning with a day of protest on January 25, young protestors using social media to organize came out in far greater numbers than initially envisioned, creating a self-sustaining momentum that culminated in ever larger nationwide protests. On Friday, January 28, hundreds of thousands of protestors throughout the country clashed with riot police and central security forces controlled by the widely unpopular Ministry of Interior. An estimated 100,000 people turned up in Cairo alone. Although people were largely peaceful, crowds burned several symbols of Mubarak's rule, including the National Democratic Party headquarters' building. Police units appeared to have used disproportionate amount of force against protestors who at times used violence themselves, although police largely avoided the use of live ammunition.³ Ultimately the police were overwhelmed, and by early evening crowds began to dissipate as the army took to the streets to try and instill a sense of calm. Since the army's deployment, soldiers have largely refrained from firing on crowds and many protestors initially embraced the army.

January 29 to January 30, 2011: Concessions and Chaos

In the early morning of January 29, President Mubarak made what some described as a desperate attempt to cling to power in a televised speech to the nation in which he defiantly insisted that he would remain as president to protect the nation. During the speech, President Mubarak announced that he was dissolving the government and, later that day, he appointed national intelligence chief Omar Suleiman as his Vice President,⁴ the first time anyone has held that office under Mubarak. He also appointed Civil Aviation Minister Ahmad Shafiq as Prime Minister. Both men are considered military figures with close ties to the President. The moves failed to calm public anger, and the weekend of January 29-30 witnessed looting, protests, and near-total chaos, with the army remaining the only authority in the country. The army was also deployed to protect important national sites, such as the Central Bank, Ministry of Information, and the Egyptian Museum in Tahrir Square.

Many Egyptian observers have speculated that the withdrawal of police from urban areas was a deliberate policy by the government, a scare tactic intended to sow chaos in order to remind Egyptians that a strongman like Mubarak is needed. Some Egyptians are even accusing the police themselves of terrorizing the country. Throughout the weekend of January 29-30, there were numerous reports of looting, and many Egyptians banded together to protect private property and businesses from armed gangs. Inmates escaped or were released from four main prisons, and state-owned television broadcasted images of burned infrastructure and disorder in what appeared to be an attempt to disparage the protest movement by linking it to the ongoing insecurity. Some human rights groups have alleged that undercover police loyal to the government were among the looters.

³ One account of the day's events cites an unnamed source in suggesting the President Mubarak ordered now-deposed Minister of Interior Habib al Adly "to use live ammunition to put down the protests," but that Al Adly's top lieutenant, General Ahmed Ramzy refused." See, Charles Levinson, Margaret Coker, and Jay Solomon, "How Cairo, Washington Were Blindsided by Revolution," *Wall Street Journal*, February 2, 2011.

⁴ According to Article 82 of the Egyptian Constitution, "Should the President be unable to perform his duties due to any outstanding circumstances, his duties will be performed by the vice president, or (if there is none) the prime minister. The person performing these duties may not request constitutional amendments, dissolve parliament, or dismiss the cabinet."

By Sunday January 30, it appeared that all sides (President Mubarak, the military, and the opposition) were trying to reach a solution in order to stabilize the country and extricate Egypt from falling further into chaos. Since protests began, media sources are citing unconfirmed reports of at least 300 people killed, the Egyptian stock market has crashed (fallen at least 18% in 2011) and trading has halted, and some are predicting that Egypt's tourist industry (its main source of foreign exchange) has been severely damaged. It is clear that, the longer chaos persists in Egypt, the more lasting damage will be done to the country as a whole, no matter which government rises in Mubarak's place. To date, the Suez Canal continues to operate normally.⁵

Who are the protestors and what do they want?

Images and footage from the early days of the protests suggest that the crowds who flocked to the streets of Cairo, Alexandria, Suez, Mansoura, Damietta, and other major Egyptian cities represented a broad and unexpected cross-section of Egyptian society. While most of the protestors were young men, media accounts showed a significant number of women, children, and older Egyptians who appeared to represent various social classes joining in their demand for President Mubarak's ouster. Clashes with security forces and battles between protestors and pro-government forces have been dominated by young men, although women have been active participants in many cases. The disparate elements of the crowd largely outshone the cast of expected opposition organizations. At present, Dr. Muhammad ElBaradei is leading a committee of opposition groups/figures that has said that it will negotiate with the government over the demands of the protestors once Mubarak leaves office.⁶ Their goals, aside from Mubarak's immediate resignation, are as follow.

- To form a more representative interim national unity government.
- To amend the constitution or form an assembly to rewrite it entirely.
- To remove corrupt Egyptian leaders responsible for repressing protestors.
- To dissolve parliament and hold new free and fair parliamentary and presidential elections.

⁵ In 2009, oil tankers passing through the Canal carried an estimated 1.8 million barrels per day. The Canal has the capacity to handle 2.2 million barrels of oil a day. In addition, an estimated 4.5 percent of global oil supplies flow through the canal and the Sumed pipeline, and 14 percent of the global liquefied natural gas trade is shipped through the canal as well.

⁶ Some Egyptians are also calling on other prominent figures, such as Secretary General of the Arab League Amr Moussa and former Nobel Prize for Chemistry winner Ahmed Zewail, to become more politically involved.

Members of the Opposition's Steering Committee

Dr. Mohamed ElBaradei: Former head of the IAEA, leader of Egypt's National Association for Change

Mohammad Baltagi: Head of Muslim Brotherhood bloc of lawmakers from 2005 to 2010

Hamdeen Sabahy: Head of the Karama Party, a secular, left-wing Arab Nationalist party

Abdel Galil Mustafa: The coordinator for the National Association for Change

Mahmoud Al-Khudairi: Former vice president of Egypt's appeals court

George Ishaq: Former head of the Kefaya protest movement

Abdel Ezz Hariri: Formerly of Tegammu, a secular leftist party

Ayman Nour: Head of the liberal secular Ghad party

Magdy Ahmed Hussein: Head of the pro-Islamist Labor Party

Osama Ghazali Harb: founded the secular and liberal National Democratic Front

Youth Movements: These groups have been asked to send 3-5 members to the committee: 6 April Youth Facebook, Pro ElBaradei Youth, Al Ghad Youth, Muslim Brotherhood Youth, and National Democratic Front Youth

Source: "ElBaradei's Role Cast in Doubt," *Wall Street Journal*, February 3, 2011

The Muslim Brotherhood, which has been conspicuously under the radar throughout the last week of protests, has deliberately deferred to secular opposition leaders and groups, especially Dr. ElBaradei. According to one Brotherhood leader, "We're supporting ElBaradei to lead the path to change.... The Brotherhood realizes the sensitivities, especially in the West, towards the Islamists, and we're not keen to be at the forefront." Despite ElBaradei's prominence, it is unclear whether he commands much popular support beyond the educated middle- and upper-class opposition. He has lived outside of Egypt for decades and was out of the country when protests began. Much of the grass-roots organizing of demonstrations has been carried out by activists several generations younger than the traditional leadership of Egypt's opposition.

January 31, 2011: A New Cabinet and Clearer Positions

On January 31, 2011, the army said that it would not use force against Egyptians, a claim that Vice President Omar Suleiman has since repeated in public interviews. The army further added that, "Your armed forces, who are aware of the legitimacy of your demands and are keen to assume their responsibility in protecting the nation and the citizens, affirms that freedom of expression through peaceful means is guaranteed to everybody." Many observers initially interpreted this statement as an implicit indication of the end of Hosni Mubarak's rule, as it appeared at the time that the use of force by the army against civilians was the only method available to stop demonstrations and restore normalcy.

On the morning of January 31, President Mubarak named a new cabinet, though it is entirely unclear for how long it will remain standing. Of note, Mohammed Hussein Tantawi remained Defense Minister and was also elevated to the position of deputy prime minister. Mahmoud Wagdy, a retired general, was appointed Interior Minister, replacing Habib El Adli who was widely vilified by the Egyptian public and responsible for police repression against demonstrators. Among others, Foreign Minister Ahmed Aboul Gheit remained in the cabinet. The cabinet shifts, coupled with the announcements of January 29, gave the impression that the leading figures in the Egyptian military establishment had asserted control and moved to preserve

key elements of the status quo while giving the appearance of substantive change. Vice President Omar Suleiman, Prime Minister Ahmad Shafiq, Defense Minister Tantawi, and Army Chief of Staff Sami Anan are all current or former high ranking military officers with close ties to Mubarak. Some observers have pointed out that these figures have been among the closest of President Mubarak's interlocutors with the United States and Israel and are thus probably more likely to favor a continuation of partnership and the maintenance of the prevailing regional order.⁷

On Monday evening, newly appointed Vice President Omar Suleiman read a statement on Egyptian state television that called for new parliamentary elections to be held in districts where appeals were submitted prior to the recent unrest.⁸ Suleiman indicated that President Mubarak had tasked him "with carrying out immediate contacts with all political factions in order to start a dialogue around all issues at hand with regard to constitutional and legislative reforms, which will lead to a clear definition of proposed amendments and the specific times for their execution."

February 1, 2011: The "March of Millions" and Mubarak's Second Speech

On Tuesday, February 1, an estimated quarter of a million protestors turned out in downtown Cairo for the 8th consecutive day of public protest against the rule of Hosni Mubarak. Large demonstrations also reportedly took place in Alexandria, Suez, Mansoura, and Luxor. The army maintained some semblance of order, and protestors and soldiers refrained from any violent confrontation. Observers reported that the scale of the demonstration was unprecedented. Other reports emphasized that diversity of the crowd, which was made up of a large number of women, children, and Egyptians of all socio-economic backgrounds.

Late Tuesday night February 1, President Mubarak gave a speech in which he said he would not run for reelection in the fall of 2011 and wants to oversee a "peaceful transfer of power" at the end of his current term. He added:

Husni Mubarak, who is speaking to you today, holds dear the long years he has spent serving Egypt and its people. This beloved homeland is my country, as it is the country of each Egyptian man and woman; I have lived in it and fought for it, and defended its land, sovereignty, and interests. And on its land I shall die; and history shall judge me and others in terms of what we owe and what we are owed.⁹

After the president's speech, the crowd in Tahrir Square reacted with rage, chanting "Leave! Leave!" and "We are not leaving!" Supporters were reported to have welcomed the announcement. Opposition activists have said that Mubarak's timetable is unacceptable, and his departure must be immediate. This timetable remains the primary point of contention.

February 2 and 3, 2011: The Battle of Tahrir Square

On Wednesday, February 2, an iconic struggle unfolded on live global television in the center of Cairo. Supporters of President Mubarak went on the offensive against opposition protestors in

⁷ "EGYPT: Army decision on Mubarak is key to crisis," *Oxford Analytica*, January 31, 2011.

⁸ U.S. Open Source Center (OSC) Report GMP20110131950061, "Egyptian Vice President Says Re-elections To Be Held in Districts Under Appeal," *Cairo Egyptian Satellite Channel 1 Television*, January 31, 2011.

⁹ Open Source Center, "Egypt: President Mubarak Addresses Nation on Transfer of Power," *Nile News TV*, February 1, 2011, Document ID# FEA20110202014021 .

Tahrir (Liberation) Square, and the army, while not deliberately hurting anti-government demonstrators, did little to help them. In fact, the army had earlier called on protestors to leave the streets in an appeal for calm, a move that some observers believe was really intended to deflate protestors' momentum.

In what appeared to be an orchestrated show of force, a huge crowd of pro-Mubarak strongmen, some riding on horses and camels, stormed Tahrir Square on Wednesday morning and attacked anti-government protestors with metal rods, stones, and sticks. A storm of stones rained down on both sides of the battle, as participants tore metal sheeting from nearby construction sites and shops for protection. Some of the men appeared to be activist supporters of the embattled president, while eyewitness accounts from Egyptians and international journalists suggested that others were drawn from the ranks of a group known in Egyptian Arabic as *Baltagiya*,¹⁰ or gangs, many of whom were reportedly paid \$10 to break up the demonstrations. Some reports even suggest that plainclothes police officers were among them. Army units posted at Tahrir Square initially did nothing to stop the pro-Mubarak crowd. As the day wore on and clashes intensified, the army positioned itself between the two camps, with each side setting up barricades in the square and hurling projectiles and Molotov cocktails at each other well into the early morning hours.

On the political front, Prime Minister Ahmad Shafiq promised in a televised news conference to bring to justice those responsible for instigating violence while denying the government had any part in it. Egypt's attorney general also issued a travel ban on former government ministers and NDP party officials, such as former Interior Minister Habib al Adly and steel tycoon Ahmed Ezz. In addition, Egypt's new government, as laid out in President Mubarak's February 1 speech, promised to amend constitutional provisions dealing with presidential elections. The government also suspended parliament until a judicial panel reviews the results of 2010 parliamentary elections. Vice President Omar Suleiman stated that the president's son, Gamal Mubarak, would not stand for president in future elections. Suleiman also promised to engage in a dialogue with the Muslim Brotherhood¹¹ saying, "We have contacted the Muslim Brotherhood and invited them, but they are still hesitant about the dialogue.... I think that their interest is to attend the dialogue." Suleiman also asked the nation for time to reform the political system. The government stopped blocking the Internet.

To date, various reports indicate that at least 10 Egyptians have died in the vigilante-instigated violence that started on February 2. On February 3, numerous reports streaming out of Egypt indicated that mobs were targeting foreign journalists. Some reporters were pulled from their hotel rooms, beaten, and had their equipment confiscated or smashed. Meanwhile, in the streets of Cairo, government-backed strongmen continued to fight hand-to-hand with demonstrators, in an attempt to further sow a climate of fear. Vice President Suleiman even blamed the news media for

¹⁰ According to one source, "In the 1980s, the police faced the growth of "gangs," referred to in Egyptian Arabic as *baltagiya*. These street organizations had asserted self-rule over Cairo's many informal settlements and slums. Foreigners and the Egyptian bourgeoisie assumed the *baltagiya* to be Islamists but they were mostly utterly unideological. In the early 1990s the Interior Ministry decided "if you can't beat them, hire them." So the Interior Ministry and the Central Security Services started outsourcing coercion to these *baltagiya*, paying them well and training them to use sexualized brutality (from groping to rape) in order to punish and deter female protesters and male detainees, alike." See, Paul Amar, "Why Mubarak is Out," <http://www.Jadaliyya.com>, February 1, 2011.

¹¹ In response, the Muslim Brotherhood, like the rest of the opposition, has called on Mubarak to step down immediately. It also has called for the Supreme Constitutional Court chief to step in and oversee new elections as dictated by Article 76 and 84.

“sending the enemy spirit.” As Egypt faces more protests on Friday, February 4, the goal of the pro-Mubarak forces were clear: intimidate the demonstrators and break their will to sustain mass protests.

The role of the military has become clearer in the last few days. Although it is impossible to gauge the sentiment of all senior officers, clearly the high command has sided with the President.¹² Robert Springborg, an Egypt expert and professor at the Naval Postgraduate School argued:

“The threat to the military's control of the Egyptian political system is passing. Millions of demonstrators in the street have not broken the chain of command over which President Mubarak presides.... The military high command, which under no circumstances would submit to rule by civilians rooted in a representative system, can now breathe much more easily than a few days ago.”¹³

For now, the key question is whether or not demonstrators will overcome the climate of fear and intimidation, and turn up en-masse for demonstrations in the days ahead. On February 3, President Mubarak claimed that if he resigned now, chaos would ensue, and clearly some Egyptians believe him.¹⁴ Many others apparently want him to depart sooner rather than later, but fear that continued unrest will breed extremism, discord, and cause lasting economic damage. President Mubarak's government has calculated that the political concessions he has made combined with brute force and suppression of all news coming out of Egypt could be enough to maintain the regime in power, a government that is now entirely dominated by the military. Should this government stand in the months ahead, most Western observers doubt that it would embark on an ambitious reform program that would transform Egypt into a genuine democracy.

The U.S. Response: “Orderly Transition”, Lasting Security Interests, and Potential Issues for Congress

The revolution in Egypt has put the Obama Administration in a major quandary. Since taking office, President Obama has devoted greater time and attention to the pursuit of Middle East peace than to efforts to promote reform and democracy in the Arab world. This has been a deliberate tactic of the Obama Administration, designed to differentiate itself from the Bush Administration by giving priority to what President Obama believes is a core national interest—the solution to the Arab-Israeli conflict. By switching its public focus to an issue more amenable to the Egyptian government, the Administration also hoped to repair the damage to the U.S.-Egyptian relationship incurred during President's Bush's focus on the democracy agenda. By all accounts, reform efforts remained a component of U.S. diplomacy toward Egypt both in private and in public, but the Obama Administration had avoided overtly pressuring the Egyptian government for specific changes. Now with the downfall of President Mubarak possibly imminent, the Administration has had to engage in what some see as “rhetorical catch up” by publicly demanding reform.

¹² It is unclear what the opinions are of mid to senior level officers. Some analysts have speculated that if the situation continues to deteriorate, splits in the military may emerge. So far, that does not seem evident.

¹³ Robert Springborg, "Game Over: The Chance For Democracy In Egypt Is Lost," <http://www.ForeignPolicy.com>, February 3, 2011.

¹⁴ Mubarak claimed that he told President Obama that “You don't understand the Egyptian culture and what would happen if I step down now.”

On Friday January 28, as images of Egyptians clashing with police filled the airwaves, the Administration said it would reassess U.S. foreign assistance to Egypt. Several days later, Secretary of State Hillary Clinton said that “there is no discussion as of this time of cutting off any aid.” President Obama and other U.S. officials urged all sides to refrain from violence, though the United States did not publicly call on Mubarak to step down. However, on Sunday, January 30, Secretary of State Clinton expressed in clearer terms the Administration’s desire for a new political order in Egypt, stating, “We want to see an orderly transition so that no one fills a void, that there not be a void, that there be a well thought out plan that will bring about a democratic participatory government.” In response, Dr. Muhammad El Baradei stated that:

“The American government cannot ask the Egyptian people to believe that a dictator who has been in power for 30 years will be the one to implement democracy.... You are losing credibility by the day. On one hand you're talking about democracy, rule of law and human rights, and on the other hand you're lending still your support to a dictator that continues to oppress his people.”

On January 31, the Administration sent former Ambassador to Egypt Frank Wisner for personal talks with President Mubarak. According to unnamed sources, Wisner told Mubarak that “he was not going to be president in the future. And this message was plainly rebuffed.”¹⁵ In addition, White House spokesman Robert Gibbs said that any new Egyptian government “has to include a whole host of important non-secular actors that give Egypt a strong chance to continue to be [a] stable and reliable partner,” a remark most likely directed at U.S. support for the inclusion of the Muslim Brotherhood in any future government. On February 1, the current U.S. ambassador to Egypt, Margaret Scobey, spoke with Dr. ElBaradei “to convey support for orderly transition in Egypt.”

The Obama Administration has continued to insist that there be an “orderly transition in Egypt that should be meaningful, peaceful and must begin now.” The Administration has denounced attacks against foreign journalists and has demanded that those who have perpetrated violence against innocents be held accountable. As of February 3, while some lawmakers have raised the possibility of halting foreign aid to Egypt, the Administration has not further addressed any punitive U.S. measures, such as cutting assistance or trade sanctions, in great detail.

On February 3, the *New York Times* reported that the Obama Administration is discussing with Egyptian officials a proposal for President Hosni Mubarak to resign immediately and turn over power to a transitional government headed by Vice President Omar Suleiman with the support of the Egyptian military. Reportedly, the United States is seeking an immediate process of constitutional reform with participation for a broad range of opposition groups, including the Muslim Brotherhood.¹⁶

Repercussions for Israel and Middle East Peace

For more than 30 years, the United States and Israel have based their core assumptions about the basic stability of the Middle East and the absence of major Israeli-Arab conventional warfare on the cornerstone of the March 1979 Egyptian-Israeli peace treaty. The Israeli government is concerned that its quiet, though cold, peace with Egypt may suffer as a result of the changing of

¹⁵ “Envoy for Obama Tells Egyptian President Hosni Mubarak to Step Aside,” *Los Angeles Times*, February 1, 2011.

¹⁶ “White House and Egypt Discuss Plan for Mubarak’s Exit,” *New York Times*, February 3, 2011.

the guard in Cairo. According to Eli Shaked, a former Israeli ambassador to Cairo, “The only people in Egypt who are committed to peace are the people in Mubarak’s inner circle, and if the next president is not one of them, we are going to be in trouble.” Some Israelis believe that a more pluralistic government in Egypt would be less inclined to side with Israel in containing Hamas and blockading the Gaza Strip due to public sympathy for Palestinian rights. In addition, it is uncertain if the next president of Egypt would try to serve as an intermediary between Israelis and Palestinians and between the Palestinian Authority and Hamas. Although a new Egyptian government may be expected to uphold the 1979 peace treaty, it may behave more as Turkey has over the past year and take a more confrontational approach with its neighbor Israel, a potentially dangerous development for U.S. foreign policy. Egypt also provides Israel with 40% of its natural gas, a deal that was widely criticized by the Muslim Brotherhood and other opposition groups. Natural gas export revenue has been an important contributor to Egypt’s national budget, as oil revenues have declined in recent years.

Evacuation of American Citizens

The U.S. State Department has urged all American citizens to leave Egypt. The U.S. Embassy in Cairo has said that for U.S. citizens in Egypt who wish to depart the country, arrangements are being made to provide transportation to locations in Europe, such as Athens, Greece; Istanbul, Turkey; and Nicosia, Cyprus. According to the State Department there are about 52,000 Americans registered with the embassy in Cairo. Many other U.S. citizens, however, are not registered with the Embassy. On February 1, the U.S. State Department ordered all nonessential American government personnel to leave the country. To date, at least 2,000 American citizens have been evacuated. So far, more than 3,000 U.S. citizens have communicated a desire to be evacuated.

For the latest Warden Message from the U.S. Embassy in Cairo, please see:
<http://egypt.usembassy.gov/wm2311.html>

Other Recent Developments

- **Alexandria Church Bombing**—On January 1, 2011, a suicide bomber detonated explosives outside the Al Qiddissin (Two Saints) church in Alexandria, Egypt, killing 21 people and injuring many more. On January 23, 2011, Egyptian authorities accused a Palestinian militant group in Gaza, known as the Army of Islam, of perpetrating the suicide bombing.
- **U.S. Statement on Parliamentary Elections**—On November 29, 2010, the U.S. State Department issued a press release on Egypt’s parliamentary elections after the first round of voting. According to the statement, the Obama Administration is “disappointed by reports in the pre-election period of disruption of campaign activities of opposition candidates and arrests of their supporters, as well as denial of access to the media for some opposition voices.” The press release also stated that the Administration looks forward to “continuing to work with the Egyptian government and with Egypt’s vibrant civil society to help them achieve their political, social, and economic aspirations.” On December 18, the *Washington Post* published an op-ed by Assistant Secretary of State for the Bureau of Democracy, Human Rights, and Labor Michael H. Posner who

encouraged the Egyptian government to make the September 2011 presidential elections transparent, free, and fair.

- **Parliamentary Elections**—In the November and December 2010 election for the People’s Assembly (the lower house), the ruling NDP party won 420 out of 504 total seats available. In addition, another 68 elected independents and presidentially appointed representatives are expected to vote with the NDP bloc, giving the ruling party 96% of the seats in the lower house. The Muslim Brotherhood, which had 88 seats in the last Assembly, did not win a single seat in the first round of voting and chose to boycott the second round (one Brotherhood candidate won in a run-off). Overall, the vote was marred by allegations of government fraud and abuse, though estimates of the turnout are low (25% or lower), and there was little public protest against the NDP’s overwhelming victory. Most importantly, because the Egyptian constitution requires that an independent candidate for president obtain the signatures of 250 elected officials, including 65 from the lower house of parliament, it seems highly unlikely that any non-NDP candidate could meet this threshold under the existing power structure in the People’s Assembly.

Issues for Congress

Presidential Succession: Who Will Follow Hosni Mubarak?

The broad political discontent currently on display in nationwide protests has been fueled by longstanding concerns over presidential succession in general and more recent concerns that President Mubarak was enabling the election of his son Gamal in particular. Since power in the Egyptian political system is highly concentrated in the office of the president and his cabinet, the issue of who would succeed President Hosni Mubarak has long been critical not just for the Egyptian people, but for Egypt’s relations with the international community and especially with the United States. Since Mubarak has never personally endorsed a successor and, until last week, had kept the vice president’s office vacant, the issue of presidential succession has been opaque to Egyptians and foreign observers alike for a decade, perhaps deliberately so. Nevertheless, Mubarak’s health problems in the spring of 2010 led many to speculate that a possible changing of the guard was imminent. While that did not materialize and his health has since improved, presidential elections set for September 2011 and the unrest in the wake of Tunisia’s popular revolution have thrust the issue back into the limelight.

For some U.S. policymakers, there is a desire to see an orderly, legal, and transparent transfer of power in which the incoming president maintains support for key U.S. goals: Egypt’s peace with Israel, U.S. access to the Suez Canal, and general bilateral military cooperation. Others see a possible transition as an opportunity to change the trajectory of Egyptian politics away from a military dictatorship/oligarchy and toward a genuine democracy even if it empowers nationalist forces or the Muslim Brotherhood. Many analysts long found the prospect for the emergence and autonomy of a freely elected government to be highly unlikely given the assumed coercive power of the Egyptian security services. Some observers now find themselves focused on the unexpected questions of whether or not a post-Mubarak elected government would pursue a confrontational foreign policy. Amid this uncertainty, many democracy advocates continue to encourage the United States vocally support a genuine free and fair presidential election in which all opposition groups are fairly represented.

Figure I. Map of Egypt



Managing Egypt's Leadership Transition

The Legal Framework

Based on a series of constitutional amendments enacted in the last few years, ruling elites have worked to establish the veneer of a legal framework to facilitate a smooth transition of power, despite claims by the opposition that the amendments are illegitimate. For potential presidential candidates not from the ruling National Democratic Party (NDP), Egyptian law sets a high bar for establishing eligibility to run. For example, amended Article 76 states that for any candidate to run for president, he or she has to gain the approval of 250 members of elected assemblies and municipalities, including, among other signatures, 25 members of the Shura Council (upper house), which is almost entirely composed of pro-ruling party members. In addition, a candidate must be a member of a political party's higher board for at least one year.¹⁷ Parties that have had

¹⁷ However, an NDP member not in the party's leadership council could run as an independent if the party's (continued...)

at least one member in either house of parliament since May 1, 2007 are eligible to nominate a candidate for the presidency until 2017. Finally, all parties that nominate a candidate must have been legally operating for at least five consecutive years before the starting date of candidature.

If President Mubarak becomes incapacitated or dies in office, Article 84 of the Constitution states:

In case [of] vacancy of the Presidential office or the permanent disability of the President of the Republic, the Speaker of the People's Assembly shall temporarily assume the Presidency; and, if at that time, the People's Assembly is already dissolved, the President of the Supreme Constitutional Court shall take over the Presidency, provided, however, that neither shall nominate himself for the Presidency, subject to abidance by the ban stipulated in paragraph 2 of Article 82. The People's Assembly shall then proclaim the vacancy of the office of President. The President of the Republic shall be chosen within a maximum period of 60 days from the day the Presidential office becomes vacant.

The 2010 elections for the People's Assembly (lower house) gave the NDP an overwhelming majority (96%), making it nearly impossible for any non-NDP endorsed candidates to obtain the constitutionally-mandated 65 signatures from members of the People's Assembly to stand on the ballot for president. Furthermore, only a handful of opposition parties, including the Wafd and Tagammu, would be eligible to field a candidate in September 2011.

The Contenders

Since Egypt's legal framework favors pro-government candidates and many opposition activists charge that elections are fraudulent, only a handful of NDP or military figures are considered presidential frontrunners, including the following.

Omar Suleiman—Unless a new figure comes to light in the next year, analysts have speculated that the only other viable candidate for the presidency is Egyptian intelligence chief Omar Suleiman. However, at age 75, it is unlikely that Suleiman, should he become president, would rule for a long period of time. Furthermore, as head of Egypt's General Intelligence Service (GIS), Suleiman would need to retire from military service since active-duty military officers are not allowed membership in political parties.¹⁸ In addition, if Suleiman desired party sponsorship, he would need to be a member of a party's supreme council for at least one year before the election. Suleiman is currently engaged in a number of sensitive diplomatic operations and is one of President Mubarak's closest confidants, making his departure from military service unlikely.

Suleiman's relationship with Gamal Mubarak is the subject of intense speculation by observers of Egyptian politics. Some suggest that in the event Gamal Mubarak becomes president, Omar Suleiman would serve as his unofficial tutor and assist in military and intelligence matters. Supporters of this theory note that back in 2007, Suleiman served as the official witness at Gamal's wedding, displaying his loyalty to the Mubarak family.¹⁹ According to one close

(...continued)

representatives in government endorsed such a figure.

¹⁸ Others suggest that Omar Suleiman has not been an "active duty" officer since 1984 and that if he was determined to serve as a candidate, he would overcome the legal technicalities barring his candidacy.

¹⁹ "And as a wedding gift from Dad, Egypt's presidency?," *Los Angeles Times*, May 5, 2007.

associate of Gamal Mubarak, Mohammad Kamal (Hosni Mubarak's former campaign manager), "Is Omar Suleiman powerful? Yes he is. Does he have a strong say in politics? Yes.... But any talk about Omar Suleiman drafting domestic policy or competing for power is pure exaggeration and fiction."²⁰ Others posit that should Hosni Mubarak pass away while in office, Omar Suleiman's loyalties to Gamal would dissipate, and many in the military and intelligence community would support him.

Ahmed Shafiq—69-year-old Ahmed Shafiq, the current Minister of Aviation and former Air Force Commander, is considered a long shot candidate. Observers are intrigued over the speculation surrounding his potential candidacy due to his background as a military officer who successfully transitioned to the private sector, a profile that epitomizes the modern Egyptian leader. Shafiq is largely credited with revitalizing Egypt Air and expanding Cairo international airport. He also served in the Air Force under Hosni Mubarak's command and reportedly is close to the Mubarak family. According to one unnamed source, "Shafiq has a good reputation. He's tough, honest, and low-key.... His name is definitely out there."²¹

Field Marshal and Defense Minister Mohammed Hussein Tantawi—Though too old to be considered a long term replacement for President Mubarak, 75-year-old General Tantawi, a Mubarak loyalist, might be considered as a possible short-term presidential placeholder. Experts believe that Tantawi, one of the most powerful army officers, would be more likely to serve as one of the few behind-the-scenes regime decision-makers who guide Egypt through the transition from Mubarak to his successor. It is unclear whether or not Tantawi supports Gamal Mubarak or the idea of hereditary succession. Tantawi's Chief of Staff, General Sami Annan, also is considered a key decision-maker in the Army and possible behind-the-scenes player in the event the military becomes involved in the succession issue. It is unclear what implications, if any, the army's reported deployment to quell January 2011 protests will have on its potential role as an arbiter of future leadership questions.

The Opposition

For many Egyptians, young or old, educated or uneducated, urban or rural, and secular or religious, there is widespread opposition to the concept of hereditary dictatorship.²² Until the protests of January 2011, there was little way of quantifying the depth of this opposition or assessing the willingness of activists to protest against it, should such a scenario come to pass. Now, it is clear. Many Egyptians want President Mubarak to leave office and his son not to inherit power. Popular protests against Gamal Mubarak and a familial succession have transpired for nearly a decade, and opposition movements have been formed solely to thwart such a transition from occurring. To his opponents, Gamal Mubarak is the ultimate symbol of Egyptian corruption, corporate greed, and growing wealth imbalance between workers and private sector elites.

Until the riots of January 2011, many observers believed that the Egyptian opposition was fractured and feckless and easily manipulated by pro-government forces backed by the veil of physical force.²³ As has been the case for many years, the Muslim Brotherhood, a political,

²⁰ "Powerful Egyptian Spy Chief No Longer Behind the Scenes," *Los Angeles Times*, February 8, 2005.

²¹ "New Contender Emerges in Egypt," *Wall Street Journal*, December 10, 2010.

²² When speaking of a father to son succession, Egyptians use the term *tawarith al sulta*, translated as "inheritance of power."

²³ Though periodically Egyptian secular and Islamist (Muslim Brotherhood) opposition groups/political parties unite to (continued...)

religious, charitable, and educational group that has been banned as a political party since 1954, remains the only well-organized opposition movement in Egypt today. Other political parties (Wafd and Ayman Nour's Al Ghad party—now banned), labor demonstrations, secular protest movements (Kefaya, April 6th), and spontaneous demonstrations organized through online social networks all exist in the sphere of opposition politics, but, until January 2011, no single issue or event was able to unite them against the primary institutions of Egyptian rule, President Mubarak, the NDP party, NDP-affiliated businessmen, and the security forces.

Despite more international attention to Egyptian politics in the last decade, widespread assumptions held that the apparent political apathy permeating Egyptian society would prevent the kind of mass mobilization capable of bringing about change. These assumptions have been brought into question by recent events. As recently as June 2010, Mohamed Sherdy, a high-level member of the opposition Wafd party, argued that “The people now brand [opposition parties] as part of the same political charade.... We're all facing the same problems, and we all committed the same mistakes—which is partially losing touch and partially losing hope.”²⁴ Similarly, Steven Cook, an Egypt specialist at the Council on Foreign Relations, suggested in July 2010 that

“There is a curious tendency for some reform-minded young professionals to throw their lot in with the regime, despite a professed desire for a fundamental transformation of Egyptian politics and society. Protestations abound about the desire to effect change from working within the state apparatus, but reality is that the Egyptian regime manifests a powerful system of reward and punishment that encourages a measure of political conformity for those not willing to take their risks with Egypt's vaunted internal security services.”²⁵

Cook's dispatch from Cairo in January 2011 paint a much different picture in response to the relatively unorganized but undeniably widespread activism that emerged across the country. Experts have often suggested that poverty, not politics, is foremost on the minds of most Egyptians, but it appears that the confluence of political and economic frustrations on display in recent protests have reached a decisive point. According to the World Bank, 16.7% of Egyptians live below the poverty line (though this figure is trending downward). Millions more struggle as low wage urban laborers, and 30% of all workers are small subsistence farmers. High rates of inflation (between 9% and 12% annually) hurt all Egyptians, especially those aspiring to a middle class lifestyle. Moreover, lack of upward mobility is a major source of frustration for young workers. More than half of the Egyptian population is under the age of 24, and approximately 600,000 Egyptians join the labor market each year, putting enormous strains on the public and private sectors to keep pace.²⁶ Unemployment and underemployment remain high, as about 50% of males and 90% of females remain jobless two years after graduating college.²⁷

(...continued)

protest government repression. According to the Economist Intelligence Unit, “In the 1984 parliamentary election the Brotherhood won 15% of the vote in an alliance with the Wafd Party and in 1987 it campaigned with the Labour and Liberal parties under the slogan ‘Islam is the Solution’. Although the names of such political parties suggest a secular liberal ideology, Islam still offers a common ground to unite the small opposition parties. However, such alliances have tended to be temporary and ineffectual in the long term.” See, “A Potential Coalition of Opposition Leaders Emerges,” *EIU Egypt Country Report*, January 1, 2011.

²⁴ “Support for Egypt's Opposition Parties Wanes,” *Wall Street Journal*, June 14, 2010.

²⁵ “Can Egypt Change?: Political Institutions Need Reform,” *foreignpolicy.com*, July 22, 2010.

²⁶ “Egypt Economy: Demographic Profile,” *EIU ViewsWire*, July 7, 2010.

²⁷ “Mubarak and Son Limited,” *Africa Confidential*, January 7, 2011.

Yet, observers suggest that while Egypt faces developmental challenges, such challenges have not yet been accompanied by frequent political unrest. According to an *Economist* special report on Egypt:

“By and large, though, poor Egyptians grumble surprisingly little. There are some positive reasons for their forbearance. Strong bonds among extended families, neighborly solidarity and the Muslim tradition of charity support many of the needy. Egypt has very low crime rates, and it is the poorest who feel most secure in their homes. With their street life and intimacy under year-round sunshine, Egypt’s slums are often less grim than those in other countries. Sociologists have long noted the knack of Egypt’s poor to appropriate things they lack, such as space and freedom, by nimbly skirting the rules. Egypt may be chaotic, but it is often joyfully so. However, there are also less attractive reasons for public passivity. One of them is fear. Corporal punishment and physical violence persist in Egyptian homes and schools and, most notoriously, in police custody.... All of this provides another reason why so many Egyptians have, for so long, shied away from voicing complaints. In their experience no one is likely to listen unless they are a relative, a friend, or amenable to a bribe. In theory citizens are represented by their MPs, but all too many people enter parliament for perks such as immunity from prosecution. Litigation is possible but unattractive because the courts are slow, capricious and open to corruption.”²⁸

Until January 2011, on the issue of presidential succession, there were no indications that this long-standing pattern of behavior shows any sign of changing, despite the injection of new personalities into the mix, such as Dr. Mohamed ElBaradei, the former Director General of the International Atomic Energy Agency (IAEA) and 2005 Nobel Prize winner. ElBaradei has publicly expressed his intention to reform the political system, amend the constitution, and possibly run for president as an independent candidate. President Mubarak has said that ElBaradei can run for president as an independent so long as he respects the constitution. Because independent presidential candidates must meet extremely rigid criteria in order to run, ElBaradei has called for free and fair elections that are monitored by both Egyptian judges and international monitors. He also has insisted that the constitution be amended in order to remove all “legal impediments that limit the majority of the people from becoming candidates.”

Since returning to Egypt in February 2010 after a 27-year absence, ElBaradei has formed a new political organization called the National Association for Change. He has allied his organization with the Muslim Brotherhood, though the latter rejected his call for a boycott of the 2010 parliamentary elections. In January 2011, ElBaradei called for a boycott of the 2011 presidential election, stating that “According to these rules, only five people—out of some 85 million Egyptians—can qualify to stand in elections.... It would be better if the president appointed his own successor...than to subject the Egyptian people to the “farce” of elections.”²⁹

The Muslim Brotherhood

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. The MB operates as a religious charitable and educational institution, having been banned as a political party in 1954; however, many Brotherhood members run for parliament as

²⁸ “No Paradise,” *The Economist*, July 17, 2010.

²⁹ Open Source Center, “Egypt: ElBaradei Calls For Boycott of Presidential Election,” *Al-Masry Al-Youm Online*, January 9, 2011, Document ID# GMP20110110839002.

independents. In the 2000 parliamentary elections, 17 independent candidates regarded as Brotherhood sympathizers were elected. In 2005, Brotherhood-affiliated candidates won 88 seats in parliament. In 2010, just one MB candidate was elected, and the group withdrew from elections after the first round of voting accusing the government of fraud. 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 them to operate almost without hindrance.

Many foreign observers agree that the organization renounced its former policy of using violence as a political tactic decades ago, and point out that the former Brotherhood members most committed to violence largely gravitated toward organizations formed the basis for Al Qaeda. Nevertheless, many Egyptian officials continue to perceive the Brotherhood as a threat and are unwilling to legalize the movement. 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 given the complex scenarios posed by regional Islamist groups still devoted to militancy and terrorist tactics such as the Palestinian Hamas and Lebanon's Hezbollah. On the one hand, there has been a general reluctance among U.S. decision-makers 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. On the other hand, some experts believe that if Islamists were brought into a functional democratic system, then they would temper their rhetoric in order to appeal to a wider audience. According to current U.S. Ambassador to Egypt Margaret Scobey:

The Muslim Brothers is a banned group in Egypt, and there are no direct relations with them. But we deal with political personalities through parliament. The day of President Obama's address, invitations were issued to independent personalities who could be from the Muslim Brothers and were elected through Parliament and recognized. But there is no direct dialogue between us and them. The channels are open, and it is possible to contact official personalities through parliament.

Prior to the protests of January 2011, most analysts had believed that, from an organizational standpoint, the Brotherhood was 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.

For years critics have charged that the Muslim Brotherhood, like other Islamist 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, 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."

The draft platform also states that neither women nor Christians may stand for president.

As part of their systematic coercion strategy, Egypt's security forces continually arrest and imprison Brotherhood members to keep the group on the defensive. According to Egyptian law, citizens who have been incarcerated cannot stand for elected office, and authorities have used this provision to target some of the Brotherhood's most promising young leaders, even those who may be more accommodating toward improving the group's relations with the West. In June 2009, police arrested Dr. Abdel Moneim Aboul Fotouh, a member of the group's elite Guidance Bureau/Council and secretary-general of the Union of Arab Doctors, along with six other leaders on charges of belonging to an outlawed group, conspiring with international terrorist organizations such as Hezbollah, and money laundering. Prosecutors charge that MB leaders were responsible for forming terrorist cells inside Egypt and had funneled fighters and funds to Hamas in the Gaza Strip. Egyptian authorities have criticized the MB's support for Hamas and Hezbollah in Lebanon and have accused the Brotherhood of disloyalty to the state and of having an international agenda. Arrests also have targeted a number of MB-owned businesses in order to financially squeeze the Brotherhood's extensive charitable organizations.

The Egypt-Gaza Border: Can Iranian Weapons Smuggling to Hamas be Stopped?

Since 2007, Hamas, the Palestinian-Islamist terrorist group/political party, has controlled the Gaza Strip, and Israel and Egypt, in order to keep Hamas contained and isolated, have generally sealed Gaza's land and sea borders. However, Palestinians in Gaza and Sinai Bedouin Arabs in Egypt have used and expanded a decades-old network of underground tunnels beneath the Gaza-Egypt border to smuggle Iranian-supplied weapons to Hamas and other Palestinian militant groups. According to various sources, these groups receive weapons that emanate from Iran, Yemen, and elsewhere. Smugglers ship weapons up the Red Sea through Sudan and then overland through the Sinai desert until they reach tunnels in the divided town of Rafah, Egypt at the border. In December 2010, Israel's Shin Bet internal security service issued a report asserting that Iran continued to serve as Hamas's dominant supplier of weaponry throughout the past year, using smuggling routes in Sudan and Sinai to send various mortars, rockets, and anti-tank missiles to Hamas in Gaza.³⁰ Prior to the release of the report, Israel claimed that Hamas gunmen fired a Kornet anti-tank missile at an Israeli Merkava tank along the Gaza border.

Although Egypt may not be as diligent as Israel in sealing its borders with Gaza, it still considers Hamas a neighboring threat. Egypt would like to keep Hamas contained and not be held responsible by Israel for ruling Gaza as it did between 1948 and 1967. 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 the regime believes may seek to establish an Iranian-style theocracy in Egypt. In addition, Egypt seeks to maintain a mostly sealed border with Gaza in order to keep Palestinian civilians from entering the Sinai peninsula in large numbers, as they did during a January 2008 border breach. Egypt also is concerned about the security of the Sinai peninsula and Hamas's (and Hezbollah's) relationship with Sinai Bedouins. Cairo fears the prospect of Hamas sleeper cells in Sinai being activated to carry out anti-Israeli attacks. In August 2010, militants launched rockets at the Israeli Red Sea coastal city of Eilat, but hit the neighboring Jordanian city of Aqaba, killing a taxi driver and wounding four others.

³⁰ "Iran Smuggled Hundreds of Rockets, Dozens of missiles to Gaza in 2010," *Jerusalem Post*, December 31, 2010.

Egypt has followed Israel's lead in its blockade of Gaza in order to pressure Hamas into reconciling with the more moderate Fatah party and merge with the Palestinian Authority in the West Bank. Some Israelis accuse Egyptian authorities of turning a blind eye to the smuggling trade underneath the divided town of Rafah on the Egyptian-Gaza border, while other U.S. and some Israeli officials have praised Egypt for taking a tougher stance on arms smuggling through the tunnels. In 2010, Egypt constructed a steel barrier along the border to deter tunnel-digging, though anecdotal reports suggest that smugglers are penetrating the wall with standard blowtorches.

The United States has provided Egypt with Foreign Military Financing (FMF) aid to bolster its border security and combat tunnel smuggling, including the following.

- \$30.35 million for a Mobile Ground Surveillance Radar and Support System.
- \$16.37 million for a Coastal Border Surveillance System.
- \$8.09 million for an Electro Optical Surveillance System.
- \$28.60 million for a Border Tunnel Activity and Detection System.
- \$7.23 million for a Mobile field workshop equipment and support.
- \$25.63 million for other ground surveillance systems.³¹

Promoting Democracy in Egypt:

Among the many reforms advocated by proponents of a more democratic Egypt, advocates would like to see: (1) the Emergency Law³² abolished in line with Mubarak's 2005 campaign promise; (2) constitutional reforms enacted to ease barriers for independent and opposition candidates to run for office; (3) judicial independence³³ restored by eliminating the state-controlled Supreme Judicial Council that appoints judges; (4) the Legislative branch strengthened; (5) restrictions on non-governmental organizations curtailed,³⁴ and (5) presidential term limits adopted.

Under the 1971 constitution, authority is vested in an elected president who must stand for reelection every six years.³⁵ The president appoints the cabinet, which generally drafts and

³¹ Information provided to CRS by the Defense Security Cooperation Agency (DSCA), January 11, 2011.

³² Under the emergency law, the government can hold an individual for up to 30 days without charge. In May 2010, 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.

³³ In addition, proponents of greater judicial independence in Egypt also would like to see the restoration of judicial supervision of elections and the elimination of state security courts. Earlier versions of the Constitution required that "balloting take place under the supervision of a judicial body." Amended article 88 of the Constitution transfers the oversight of elections to a higher committee (Supreme Electoral Commission), which, although made up of some judges, removes most from direct oversight of balloting stations.

³⁴ 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. Often, no response is given to the application, leaving an organization in legal limbo. If an NGO's application is rejected, it has few legal rights and can be shut down.

³⁵ In 1980, the Constitution was amended to allow the president to run for an unlimited number of terms, rather than (continued...)

submits 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. Based on low voter turnout in recent elections, there appears to be a clear lack of public confidence in the parliament.

U.S. attitudes toward Egypt's political system range from passionate opposition to a perceived brutal regime to passive acceptance of a stable government that is largely supportive of U.S. foreign policy goals in the Middle East, specifically the pursuit of Arab-Israeli peace. This lack of consensus hinders any uniform U.S. approach toward how to best promote democracy in Egypt. To the extent that there is agreement among experts, most espouse the general principle that a politically and economically vibrant Egypt at peace with its neighbors and legitimate to its own people is not only good for most Egyptian citizens but for U.S. national interests. However, when it comes to formulating policy to enforce these principles, democracy advocates clash with "realists" over the degree of U.S. pressure to place on the Mubarak government, while Egypt itself resists U.S. attempts to influence its domestic politics, charging that U.S. interference empowers the Muslim Brotherhood.

Some experts believe that Egypt is already changing in profound ways due to the global spread of information technology, rising economic inequality, and demography, and that the United States needs to vocalize its support for reform regardless of its capacity to bring it about. According to Michele Dunne, senior associate at the Carnegie Endowment for International Peace, "I think that the United States should advocate democratization and greater respect for human rights for Egyptians. This does not mean that the U.S. can make these things happen in Egypt, but we should be clear that we are in favor and willing to use the influence we have to promote them."³⁶

Human Rights and Religious Freedom

Human 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 on improvements in Egypt's human rights record. According to the U.S. State Department's *2009 Country Reports on Human Rights Practices*, "the government's respect for human rights remained poor, and serious abuses continued in many areas." The 2009 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 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, are former prisoners in Egyptian jails.

(...continued)

one as was stipulated in the 1971 Constitution. An English 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>.

³⁶ "Middle East: As Egypt Cracks Down On Critics, U.S. Looks Away," *Inter Press Service*, November 8, 2010.

On the positive side, the 2009 report did mention that the government had taken some steps forward in specific areas, stating:

The government promulgated procedures for members of unrecognized religions, including the Baha'i faith, to obtain national identification documents and reportedly issued 17 such documents and 70 birth certificates to Baha'i during the year. The government also permitted the newly formed Real Estate Tax Collectors Union, the country's only independent labor union, to operate. For the first time in the country's history, a UN special rapporteur and an independent expert visited at the government's invitation.³⁷

In June 2010, two policemen in Alexandria murdered 28-year-old Khaled Said, who shortly before his death had posted an online video showing police officers dividing up money seized in a drugs bust. Said's head had been smashed against a marble staircase, and his killing sparked days of street protest and widespread international condemnation. Under pressure, the government prosecuted the two accused police officers. The Obama Administration issued a press release on Said's killing, stating that "the United States is concerned about the death of Khaled Mohammed Said at the hands of Egyptian security forces in Alexandria on June 6th. We have been in touch with the Egyptian Government on this matter. We welcome the Government's announcement of a full investigation and we urge that it be done transparently and in a manner consistent with the serious allegations that have been made." Perhaps in a politicized attempt to demonstrate leadership, Gamal Mubarak also spoke out against Said's murder, stating "Justice must take its course.... The party insists on the accountability of any wrongdoer within the framework of justice, transparency and the rule of law."³⁸

Religious Freedom

In its 2010 report on religious freedom in Egypt, the U.S. State Department concludes that "the status of respect for religious freedom by the government remained poor, unchanged from the previous year." Although the Egyptian constitution provides for equal rights without regard to religion, in practice, discrimination against Copts (between 9 and 12% of the population), Baha'is, and other small religious communities persists at the both the official and societal levels. Certain residual issues can trigger outbursts of sectarian violence. These include:

- *Land disputes.* Conflicts over land ownership have triggered a number of violent incidents involving members of different religious sects, particularly in rural Upper (southern) Egypt.
- *Religious conversions.* The conversion of Copts to Islam, as well as the marriage of Coptic women to Muslim men, has been a constant irritant in Muslim-Coptic relations. Converts to Christianity in Egypt also may face bureaucratic obstacles in registering their new religious status with the government. There also is the issue of forced conversions. The 2010 State Department report states that "As in previous years, there were occasional claims of Muslim men forcing Coptic women and girls to convert to Islam. Reports of such cases were disputed and often included inflammatory allegations and categorical denials of kidnapping and rape. In November 2009 an international Christian advocacy group published a report regarding alleged cases of forced conversion; however, well-respected

³⁷ See, <http://www.state.gov/g/drl/rls/hrrpt/2009/nea/136067.htm>.

³⁸ "Egypt President's Son Wants Justice in Activist Death," *Reuters*, July 6, 2010.

local human rights groups were unable to verify such cases and found it extremely difficult to determine whether compulsion was used, as most cases involved a female Copt who converted to Islam when she married a male Muslim. Reports of such cases almost never appear in the local media.”³⁹

- *Church repair and construction.* Copts have consistently complained of excessive bureaucracy when repairing or building churches. 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 10 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.

Typically, after an outbreak of Coptic-Muslim violence, both the government and the Coptic Orthodox Church rapidly respond to ease communal tensions. However, more often than not, the Egyptian government only acts to redress the immediate causes of violence rather than the underlying symptoms. Despite being nearly 10% of Egypt’s population of 81 million, Copts are not widely represented at the highest levels of Egyptian institutions. There is only one provincial governor who is Christian (of 28). Few, if any, Christians serve as police commissioners, city mayors, public university presidents, or deans. Christians hold less than 2% of the seats in the People’s Assembly and Shura Council. There are few Christians in the upper ranks of the security services and armed forces. Public funds compensate Muslim imams but not Christian clergy. Only three of the cabinet’s 32 ministers are Christians.

2011 Church Bombing in Alexandria

On January 1, 2011, a suicide bomber detonated explosives outside the Al Qiddissin (Two Saints) church in Alexandria, Egypt, killing 21 people and injuring many more. Coptic worshippers were attending midnight mass at the church on New Year’s Eve when a bomb was detonated near the entranceway. Authorities are investigating and no group has claimed responsibility. The attack sparked widespread Coptic protests against the government for failing to protect the community, and officials were quick to blame foreign elements. President Mubarak stated that the attack was a “terrorist operation that carries, within itself, the hallmark of foreign hands which want to turn Egypt into another scene of terrorism like elsewhere in the region and the wider world.”⁴⁰

There is some suspicion, though unproven, that Al Qaeda in Iraq (the Islamic State of Iraq) is behind the bombing. This group has previously threatened Egyptian Copts and churches over alleged Coptic mistreatment of female converts to Islam. In July 2010, a Coptic priest’s wife, Camilia Shehata, allegedly converted to Islam, and the Egyptian government allowed Coptic

³⁹ U.S. State Department, Bureau of Democracy, Human Rights, and Labor, *2010 Report on International Religious Freedom*, Near East and North Africa, Egypt, November 17, 2010.

⁴⁰ “A State of Sectarian Denial,” *Middle East Report Online*, January 11, 2011.

authorities to take Shehata, who remains in an undisclosed location under Church supervision. The Church organizes so-called “advice-giving sessions” for converts and would-be converts to other religions reportedly in order to dissuade them. The Shehata case angered Islamists and some protested outside a mosque adjacent to Al Qiddissin calling for her release.

On January 23, 2011, Egyptian authorities accused a Palestinian militant group in Gaza, known as the Army of Islam, of perpetrating the suicide bombing on January 1 in Alexandria. The Interior Minister also asserted that several Egyptians connected to the attack were in custody and had provided details about how they were recruited by the Gaza group.⁴¹

Sudan Referendum and Nile River Basin

Perhaps of greatest direct concern to Egypt is the situation to its south in Sudan, where southern Sudanese residents held a referendum on self-determination in January 2011. Maintaining the unity of Sudan and preserving Egypt’s share of Nile River flows are primary Egyptian national security interests. However, with the voting results expected to favor secession, Egyptian diplomats have been scrambling for alternative solutions which would preserve the country’s overall unity. Egypt has advocated for southern Sudan’s “confederation” with the north, whereby each entity would be an independent country, but would share a single currency and have a single foreign policy. This approach has been rejected by many including the United States. Egypt also has sought to delay the referendum to no avail. For several years, Egypt has been preparing for a possible southern Sudanese state and has helped build hospitals, schools and power stations in the south in order to curry influence there. It has dispatched 1,200 observers and peacekeepers to the south. In November 2008, President Mubarak made a historic visit to Juba, the capital of Sudan’s semiautonomous southern enclave.

Egypt fears that its share of the Nile will be curtailed by either a new southern Sudanese state or other upstream countries further south. The Nile is the lifeblood of Egypt and its main source of freshwater. The Blue Nile and White Nile converge in Sudan’s capital of Khartoum. According to one Egyptian academic, “For Egypt, a threat to the Nile constitutes a threat to national security.... In the 1970s, when Ethiopia prepared to embark on river projects that infringed on Egypt's share of water, (late president Anwar) Sadat threatened to declare war in response.” In late 2009, Ethiopia's prime minister, Meles Zenawi, reportedly stated publicly that Egypt cannot win a war against Ethiopia over Nile water sharing.⁴² The Blue Nile begins in Lake Tana in Ethiopia, where 85% of the Nile waters originate.

In April 2010, Ethiopia, Uganda, Tanzania, Kenya, and Rwanda agreed to their own Nile Basin Initiative formula plan (formally known as the Comprehensive Framework Agreement) for sharing the river. Under their plan, each country would have more freedom to build irrigation and dam projects than is currently allowed. The Democratic Republic of Congo and Burundi have yet to sign the deal. Under agreements dating back to 1929 and 1959, Egypt and Sudan (after its independence in 1956) controlled 80% of the Nile’s entire flow. Egypt is demanding that it retain its share while providing more economic aid and water efficiency assistance to upstream states. Egypt and Sudan have until May 2011 to resume negotiations, or else the upstream countries have said they will activate the new agreement.

⁴¹ "Egypt Links Palestinians to Attack at Church," *New York Times*, January 23, 2011.

⁴² "Pope's Mediation Needed over Nile Tensions with Ethiopia," *Economist Intelligence Unit*, January 2011.

U.S.-Egyptian Relations

Though U.S.-Egyptian relations are rife with tension owing to the democracy issue and Egyptian disappointment with a perceived lack of U.S. pressure on Israel to compromise with the Palestinians, the Obama Administration has made efforts to calm the diplomatic atmosphere. Aside from the State Department's recent mild admonishment of Egypt's 2010 parliamentary elections,⁴³ high-level officials have largely refrained from publicly admonishing Egypt's poor human rights and democracy record. U.S. foreign assistance levels remain unchanged (the FY2011 request is \$1.55 billion, same as 2010) despite some calls from opponents of aid to Egypt to either cut or condition aid. John Holdren, Director of the White House Office of Science and Technology Policy, has said that 2011 will be the U.S.-Egypt Year of Science, celebrating U.S.-Egypt engagement in science, promoting interest among young Egyptians in science-related careers and research, and promoting digital engagement among the Egyptian science community with U.S. peers and institutions.

Overall, with the peace process stalled, Egypt preoccupied with Mubarak's succession, and the rise of other, arguably more dynamic, actors in the region such as Turkey and Saudi Arabia, Egypt plays a less prominent role in Middle Eastern diplomacy despite its self-image as a regional powerhouse. Egyptians partially blame this decline on their country's close relationship with the United States, and some analysts believe that over time, though Egypt and the United States appear set to continue to cooperate on military and intelligence issues, Egypt will move in a more independent direction, much like Turkey has in recent years.

U.S. Foreign Assistance to Egypt

Overview

The unrest of January 2011 suggests that the terms of recent debate over U.S. assistance to Egypt may change significantly in the coming months. Since 1979, Egypt has been the second-largest recipient, after Israel, of U.S. foreign assistance. In FY2010, Egypt was the fifth-largest aid recipient behind Afghanistan, Israel, Pakistan, and Haiti, respectively. In the past decade, overall U.S. assistance to Egypt has declined from \$2.1 billion in FY1998 to \$1.55 billion in FY2010 owing to a gradual reduction in economic aid. In July 2007, the Bush Administration signed a 10-year Memorandum of Understanding (MOU) with Israel to increase U.S. military assistance from \$2.4 billion in FY2008 to over \$3 billion by 2018. Egypt received no corresponding increase in U.S. military aid; instead, the Bush Administration pledged to continue to provide Egypt with \$1.3 billion in military aid annually, the same amount it has received annually since 1987. Unlike with Israel and Jordan, the Bush Administration did not sign a bilateral MOU with the Egyptian government.⁴⁴ Congress typically earmarks foreign assistance for Egypt in the foreign operations appropriations bill.

⁴³ "We are disappointed by reports in the pre-election period of disruption of campaign activities of opposition candidates and arrests of their supporters, as well as denial of access to the media for some opposition voices. We are also dismayed by reports of election-day interference and intimidation by security forces. These irregularities call into question the fairness and transparency of the process." See, U.S. State Department, "Egypt's Parliamentary Elections," Office of the Spokesman, Washington, D.C., November 29, 2010.

⁴⁴ A year after the 2007 U.S.-Israel Memorandum of Understanding (MOU), the U.S. and Jordanian governments reached an agreement whereby the United States will provide a total of \$660 million in annual foreign assistance to (continued...)

Debate over U.S. Assistance to Egypt

Although U.S. assistance has helped cement what many deem to be a successful 30-year Israel-Egypt peace treaty, as time has passed, critics of continued U.S. assistance to Egypt have grown more vocal in arguing that U.S. aid props up a repressive dictatorship and that, to the extent that any U.S. funds are provided, policymakers should channel them toward supporting opposition or civil society groups. Over the past five 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 religious freedom, 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. aid.

Successive administrations, some lawmakers, and the Egyptian government assert that U.S. assistance to Egypt is symbolic of a strong strategic partnership which directly benefits U.S. national security interests. Proponents of strong bilateral ties argue that Egypt is key to the United States maintaining a strong military presence in the oil-rich Persian Gulf and projecting power in south and central Asia. Reducing Egypt's aid, they argue, would undercut U.S. strategic interests in the region, and could jeopardize the Mubarak government's 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 nuclear warships to pass through the Canal, a valued service that can normally take weeks otherwise required for other foreign navies. Egypt also provides over-flight rights to U.S. aircraft. 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. Others question the will or ability of the Egyptian government to change the terms of its long-standing bilateral partnership with the United States because of the government's displeasure with U.S. criticism and pressure for reform.

Economic Aid

The United States has significantly reduced economic aid to Egypt over the last decade. There are several reasons for the reduction in U.S. assistance. Overall, U.S. economic aid to Egypt has been trending downward due to a 10-year agreement reached in the late 1990s known as the "Glide Path Agreement." In January 1998, Israeli officials negotiated with the United States to reduce economic aid and increase military aid over a 10-year period. A 3:2 ratio that long prevailed in the overall levels of U.S. aid to Israel and Egypt was applied to the reduction in economic aid (\$60 million reduction for Israel and \$40 million reduction for Egypt), but Egypt did not receive an increase in military assistance. Thus, the United States reduced ESF aid to Egypt from \$815 million in FY1998 to \$411 million in FY2008.⁴⁵ For FY2011, the Administration is requesting \$250 million in ESF for Egypt, the same amount it has received since FY2009.

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Jordan over a five-year period. Under the terms their non-binding MOU, this first-of-its-kind deal commits the United States, subject to future congressional appropriations and availability of funds, to providing Jordan with \$360 million per year in Economic Support Funds (ESF) and \$300 million per year in Foreign Military Financing (FMF).

⁴⁵ In FY2003, Egypt, along with Israel and several other governments in the region, received supplemental assistance as (continued...)

Funding for Democracy Promotion

Each year, a portion of USAID-managed economic aid is spent on democracy promotion programs in Egypt, a policy that has been a lightning rod for controversy over the last seven years. On principle, the Egyptian government rejects U.S. assistance for democracy promotion activities, though it has grudgingly accepted a certain degree of programming. On the other hand, democracy activists believe that the U.S. government, particularly during the Obama Administration, has not been aggressive enough in supporting political reform in Egypt. Often, the Administration is caught between these polar opposites.

The degree of U.S. direct support for civil society groups is a major issue. The Egyptian government has staunchly opposed foreign support to independent civic groups that demand government accountability, as well as civic groups that have not received government approval. During the Bush Administration, policymakers and members of Congress directed some amounts of Economic Support Funds toward direct support to Egyptian non-governmental organizations (NGOs). However, some experts note that only a small proportion of USAID's democracy and governance (D&G) funds are spent on independent Egyptian groups and an even smaller proportion to groups that do not receive approval from the Egyptian government. The vast majority of USAID D&G assistance goes to Government of Egypt-approved consensual, government-to-government projects.⁴⁶

Most importantly, in FY2005, Congress directed that "democracy and governance activities shall not be subject to the prior approval of the GoE [government of Egypt]," language which remained in annual foreign operations appropriations legislation until FY2009 (see below).⁴⁷ Egypt claims that U.S. assistance programs must be jointly negotiated and cannot be unilaterally dictated by the United States. P.L. 111-117, Consolidated Appropriations Act, FY2010, contains general legislative language on the use of U.S. funds to NGOs, stating in section 7034:

With respect to the provision of assistance for democracy, human rights and governance activities in this Act, the organizations implementing such assistance and the specific nature of that assistance shall not be subject to the prior approval by the government of any foreign country.⁴⁸

As overall ESF aid to Egypt has decreased, so too has U.S. democracy assistance. For FY2009, the Bush Administration unilaterally cut overall economic aid to Egypt by more than half, requesting \$200 million in ESF. Therefore, because U.S. economic assistance is divided among

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part of the FY2003 Iraq Emergency Supplemental Appropriations Act (P.L. 108-11). It included \$300 million in ESF for Egypt, which could have been used to cover the costs of up to \$2 billion in loan guarantees. The loan guarantees were to be issued over three years.

⁴⁶ CRS conversation with Tamara Cofman Wittes, Director, Middle East Democracy and Development Project, Brookings Institution, September 1, 2009.

⁴⁷ Congress sought to ensure that U.S. foreign assistance for Egypt was 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."

⁴⁸ P.L. 111-117. The conference report accompanying the Act notes, "The requirements of section 7034(m)(4) of this Act shall apply with respect to the provision of assistance to Egyptian NGOs."

several sectors (health, education, economic development, and democracy promotion), fewer funds were available in FY2009 for D&G aid (\$20 million instead of previous appropriations of up to \$50 million). P.L. 111-117, the Consolidated Appropriations Act, FY2010, provided \$25 million in economic aid for democracy promotion (or 10% of total economic aid).

Perhaps in order to ease tension with the Egyptian government, the Obama Administration has reduced funding for U.S.-based NGOs operating in Egypt while increasing funding for state-approved and unregistered Egyptian NGOs (see table below). Since FY2009, the Administration has used other State Department aid accounts, such as the Middle East Partnership Initiative (MEPI) and the Human Rights and Democracy Fund (HRDF), to support Egyptian and international NGOs. In October 2009, USAID's Inspector General issued an audit of the agency's democracy and governance activities in Egypt. Among other findings, the audit concluded that:

The impact of USAID/Egypt's democracy and governance activities has been limited based on the programs reviewed. In published reports, independent nongovernmental organizations ranked Egypt unfavorably in indexes of media freedom, corruption, civil liberties, political rights, and democracy. Egypt's ranking remained unchanged or declined for the past 2 years, and the impact of USAID/Egypt's democracy and governance programs was unnoticeable in indexes (sic) describing the country's democratic environment. . . . The Government of Egypt signed a bilateral agreement to support democracy and governance activities (page 5), but it has shown reluctance to support many of USAID's democracy and governance programs and has impeded implementers' activities. Despite the spirit with which the U.S. Congress espoused the civil society direct grants program, the Government of Egypt's lack of cooperation hindered implementers' efforts to begin projects and activities through delays and cancellations.⁴⁹

⁴⁹ USAID, *Audit of USAID/Egypt's Democracy and Governance Activities (Audit Report No. 6-263-10-001-P)*, October 27, 2009.

Table I. U.S. Direct Funding to International and Egyptian NGOs

| | FY2008 | FY2009 | FY2010 | FY2011 Request |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Democracy and Governance | | | | |
| Total | 54,850,315 | 23,539,643 | 29,000,000 | 25,000,000 |
| USAID | 54,800,000 | 20,000,000 | 25,000,000 | 25,000,000 |
| DRL | 0 | 2,057,000 | 2,000,000 | n/a |
| MEPI | 50,315 | 1,482,643 | 2,000,000 | n/a |
| Civil Society | | | | |
| Total | 27,900,315 | 9,539,643 | 25,000,000 | 21,000,000 |
| USAID | 27,850,000 | 6,000,000 | 21,000,000 | 21,000,000 |
| DRL | 0 | 2,057,000 | 2,000,000 | n/a |
| MEPI | 50,315 | 1,482,643 | 2,000,000 | n/a |
| Egyptian unregistered orgs | 925,286 | 1,482,643 | 2,000,000 | n/a |
| USAID | 925,286 | 0 | 0 | n/a |
| MEPI | 0 | 1,482,643 | 2,000,000 | n/a |
| Egyptian registered orgs | 5,669,529 | 5,000,000 | 10,000,000 | n/a |
| USAID | 5,619,214 | 5,000,000 | 10,000,000 | n/a |
| MEPI | 50,315 | 0 | 0 | |
| US registered groups | 5,801,846 | 1,000,000 | 1,000,000 | TBD |
| USAID | 5,801,846 | 1,000,000 | 1,000,000 | |
| US unregistered groups | 15,503,654 | 2,057,000 | 2,000,000 | TBD |
| USAID | 15,503,654 | 0 | 0 | |

Source: U.S. State Department, Bureau of Near Eastern Affairs.

U.S.-Egyptian Science, Business, and Technological Cooperation

President Obama's 2009 speech in Cairo envisioned greater U.S. collaboration with Middle Eastern and Muslim-majority nations. As a result, the Administration has created several new small-scale initiatives, dubbed the Cairo Initiatives, to promote science, business, and technical cooperation with certain countries in the region, notably Egypt. In December 2010, the United States launched the President's Global Innovation through Science and Technology (GIST) program in Alexandria, Egypt. Egypt also is a significant participant in the Administration's Global Entrepreneurship program (GEP), a USAID-funded program designed to assist entrepreneurs in Muslim communities around the world. Several GEP pilot programs have been launched in Egypt to train entrepreneurs and assist them with access to foreign investment. In January 2011, a GEP delegation traveled to Egypt to meet with Egyptian businessmen and learn of new investment opportunities. According to the U.S. State Department's Senior Advisor for Global Entrepreneurship Steven Koltai, "Regional investments in economic reform and human

and capital infrastructure in Egypt provide a strong foundation for entrepreneurs and investors, both local and international.”

In 2010, the Overseas Private Investment Corporation (OPIC) invested \$100 million in a fund managed by a subsidiary of Egyptian private equity firm Citadel Capital. The investment was touted by the Administration as part of President Obama’s outreach to the Muslim world and U.S. efforts to spur entrepreneurship.

In addition, the Administration has proclaimed that 2011 is the year of U.S.-Egypt science. One of President Obama’s science envoys, Dr. Ahmed Zewail, a Nobel prize-winning Egyptian American, has visited Egypt several times. In May 2010, the United States announced that the U.S.-Egypt Science and Technology Joint Fund will double its annual grants (from \$4 million to \$8 million) for Egyptian and American scientific collaboration.

Military Aid

The Administration has requested \$1.3 billion in FMF for Egypt in FY2011—the same amount it received in FY2010. FMF aid to Egypt is divided into three general categories: (1) acquisitions, (2) upgrades to existing equipment, and (3) follow-on support/maintenance contracts.⁵⁰ 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.⁵¹ 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.

U.S.-Egyptian coproduction of the M1A1 Abrams Battle tank is one of the cornerstones of U.S. military assistance to Egypt. A coproduction program began in 1988. Egypt plans to acquire a total of 1,200 tanks. Under the terms of the program, a percentage of the tank’s components are manufactured in Egypt at a facility on the outskirts of Cairo and the remaining parts are produced in the United States and then shipped to Egypt for final assembly. General Dynamics of Sterling Heights, MI, is the prime contractor for the program. Although there are no verifiable figures on total Egyptian military spending, it is estimated that U.S. military aid covers as much as 80% of the Defense Ministry’s weapons procurement costs.⁵²

Egypt also receives Excess Defense Articles (EDA) worth hundreds of millions of dollars annually from the Pentagon.⁵³ Egyptian officers participate in the International Military and

⁵⁰ According to U.S. defense officials, Egypt only allocates the minimum amount of FMF funds necessary for follow-on maintenance, resulting in inadequate support for weapon system sustainment.

⁵¹ According to a 2006 Government Accountability Office report, over the life of Egypt’s FMF program, through August 2005, Egypt had 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 Government Accountability Office, “Security Assistance: State and DOD Need to Assess How the Foreign Military Financing Program for Egypt Achieves U.S. Foreign Policy and Security Goals,” GAO-06-437, April 2006.

⁵² According to one source, U.S. military assistance pays for about a third of Egypt’s overall defense budget each year. See, “Three Decades of Weapons, Training for Egypt Keep U.S. in Loop,” *Bloomberg*, February 2, 2011.

⁵³ According to the Defense Security Cooperation Agency (DSCA), past EDA sales and grant transfers have included two PERRY class and two KNOX frigates, numerous HAWK parts, mine rakes, helicopter spare parts, assorted (continued...)

Education Training (IMET) program⁵⁴ (\$1.4 million requested for FY2011) in order to facilitate U.S.-Egyptian military cooperation over the long term. IMET assistance makes Egypt eligible to purchase training at a reduced rate. Bright Star is a multinational training exercise co-hosted by the United States and Egypt that helps foster the interoperability of U.S. and Egyptian forces and provides specialized training opportunities for U.S. Central Command Forces (CENTCOM) in the Middle East. Eagle Salute is a U.S.-Egyptian joint maritime training exercise conducted annually in the Red Sea.

In addition to large amounts of annual U.S. military assistance, Egypt 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.

Recent Arms Sales Notifications

In FY2010, the Defense Security Cooperation Agency (DSCA) notified Congress of the following proposed arms sales to Egypt using FMF funds:

- July 2, 2010—40 Skyguard AMOUN Solid-State Transmitters to support the upgrade of the Skyguard-SPARROW Launcher/Illuminator System, prime contractor is Raytheon Integrated Defense Systems in Tewksbury, MA, estimated value: \$77 million.
- July 2, 2010—Continuation of technical services in support of four OLIVER HAZARD PERRY and two KNOX CLASS Frigates, prime contractor is VSE Global in Alexandria, Virginia, estimated value: \$210 million.

U.S.-Egyptian Trade

Egypt is the 48th largest trading partner of the United States, which has an annual trade surplus with Egypt amounting to \$3.13 billion in 2009. The United States is Egypt's largest bilateral trading partner. Egypt is one of the largest single markets worldwide for American wheat and corn and is a significant importer of other agricultural commodities, machinery, and equipment. The United States also is the second-largest foreign investor in Egypt, primarily in the oil and gas sector. Since the mid-1990s, Egyptian officials have sought to negotiate a Free Trade Agreement (FTA) with the United States, claiming that an Egyptian-American FTA could significantly boost Egypt's economy. However, due to an array of concerns both Egypt-specific (human rights, intellectual property) and macroeconomic, an Egyptian-American FTA has not moved forward.

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armored vehicles (M60 tanks and M113 APCs) and various types of munitions.

⁵⁴ Egyptian officers participating in IMET study and train at the Naval War College in Newport, Rhode Island, and National Defense University at Fort McNair in Washington, D.C.

In 1996, Congress authorized the creation of Qualified Industrial Zones (QIZ) in order to entitle goods jointly produced by Israel and either Jordan or Egypt to enter the United States duty free. In December 2004, Egypt finally reached an agreement with Israel to designate several QIZs in Egypt under the mandate of the U.S.-Israeli Free Trade Agreement. Goods produced in Egyptian QIZs allow Egyptian-made products to be exported to the United States duty-free if the products contain at least 10.5% input from Israel. Egypt would like to see this percentage reduced to around 8%, which is the case with the U.S.-Jordanian-Israeli QIZ agreement. Most products exported from Egyptian QIZs are textiles, and products manufactured in QIZs now account for one-third of Egyptian exports to the United States.

Table 2. Recent U.S. Foreign Assistance to Egypt
(\$ in millions)

| Fiscal Year | Economic | Military | IMET | Total |
|-----------------|-----------------|-----------------|-------------|-----------------|
| 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 |
| 2009 | 250.0 | 1,300.0 | 1.3 | 1,551.3 |
| 2010 | 250.0 | 1,300.0 | 1.9 | 1,551.9 |
| 2011 Request | 250.0 | 1,300.0 | 1.4 | 1,551.4 |
| Total | 30,820.8 | 39,211.8 | 43.0 | 70,075.6 |

Table 3. 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 |

| 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 |
|------|--------|---------------|----------------|---------------|----------------------|-----------|------------|----------|-----------|------------|-------------|
| 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 |
| 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 | — |

| 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 |
|--------------|----------------|---------------|----------------|---------------|----------------------|-------------|-------------|---------------|----------------|----------------|--------------|
| 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 |
| 1997 | 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.

Q = 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

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