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Egypt: Background and U.S. Relations

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SUMMARY

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Egypt: Background and U.S. Relations

Historically, Egypt has been an important country for U.S. national security interests based on its geography, demography, and diplomatic posture. Egypt controls the Suez Canal, which is one of the world's most well-known maritime chokepoints, linking the Mediterranean and Red Seas. Egypt's population of more than 100 million people makes it by far the most populous Arabic-speaking country. Although today it may not play the same type of leading political or military role in the Arab world as it has in the past, Egypt may retain some "soft power" by virtue of its history, media, and culture. Cairo hosts both the 22-member Arab League and Al Azhar University, which claims to be the oldest continuously operating university in the world and has symbolic importance as a leading source of Islamic scholarship.

Additionally, Egypt's 1979 peace treaty with Israel remains one of the most significant diplomatic achievements for the promotion of Arab-Israeli peace. While people-to-people relations remain cold, the Israeli and Egyptian governments have increased their cooperation against Islamist militants and instability in the Sinai Peninsula and Gaza Strip.

Throughout the first half of 2020, the Trump Administration has continued its policy of fostering good relations with the Egyptian government by advancing military-to-military ties, trade, and investment. Several issues have caused tensions in U.S.-Egyptian relations, including Egypt's continued detention of American citizens and the Egyptian military's possible purchase of advanced Russian fighter jets.

Since 1946, the United States has provided Egypt with over $84 billion in bilateral foreign aid (calculated in historical dollars—not adjusted for inflation), with military and economic assistance increasing significantly after 1979. Annual appropriations legislation includes several conditions governing the release of these funds. Successive U.S. Administrations have justified aid to Egypt as an investment in regional stability, built primarily on long-running cooperation with the Egyptian military and on sustaining the 1979 Egyptian-Israeli peace treaty. All U.S. military aid to Egypt finances the procurement of weapons systems and services from U.S. defense contractors.

For FY2021, the President is requesting a total of $1.4 billion in bilateral assistance for Egypt. Nearly all of the U.S. funds for Egypt come from the Foreign Military Financing (FMF) account and provide grant aid with which Egypt purchases and maintains U.S.-origin military equipment.

As the Coronavirus Disease 2019 (COVID-19) pandemic continues to spread throughout Egypt, the economy is facing a downturn due to the loss of tourism, private sector investment, foreign remittances, and Suez Canal revenue. To date, Egypt's economic downturn has not outwardly affected the stability of the Egyptian government, led by Egyptian President Abdel Fattah al Sisi. To minimize economic damage from COVID-19 countermeasures, the Egyptian government has enacted stimulus packages and borrowed $2.7 billion from the International Monetary Fund. President Sisi has maintained stability during the pandemic by continuing to use emergency powers and broad legal authority granted to the executive by parliament to suppress opposition.

Beyond the United States, President Sisi has broadened Egypt's international base of support to include several key partners, including the Arab Gulf states, Israel, Russia, China, France, and Italy.

In April 2019, Egyptian voters approved constitutional amendments that extend Sisi's current term until 2024 and permit him to run for a third term, potentially keeping him in office until 2030.

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Overview

Egypt, the Arab world's most populous country of over 100 million people,[1] faces an uncertain future with the COVID-19 pandemic coming after several years of modest economic growth. Prior to the outbreak, macroeconomic trends had appeared to be moving in a somewhat positive direction, and financial analysts considered Egypt to be one of the most promising emerging market destinations for foreign investment worldwide.[2] As the COVID-19 pandemic spreads throughout Egypt, the International Monetary Fund (IMF) projects that in 2020 Gross Domestic Product (GDP) will grow 2%, a figure well below pre-pandemic forecasts of over 5.5% growth.[3] The pandemic is depressing a number of economic sectors in Egypt, such as tourism, which accounts for 9.5% of employment and 5.5% of GDP.[4] Lower natural gas prices and drops in worker remittances also are expected to depress government revenue and household incomes.

As of May 2020, Egypt's economic downturn has not outwardly affected the stability of the Egyptian government, led since 2014 by Egyptian President Abdel Fattah al Sisi (herein referred to as President Sisi). In order to minimize economic damage from COVID-19 countermeasures, the government has instituted a policy it calls "co-existing with coronavirus," in which seeks to balance restrictions such as partial curfews and quarantines with continued economic activity. The Egyptian government also has enacted stimulus packages directed to the tourism sector, increased the budget of the Ministry of Health, and upped its unemployment benefits for furloughed workers. However, despite the government's attempt to continue economic activity, according to one account, "The looser lockdown has not spared Egypt an economic crisis….The private sector, weak to start, is in free fall."[5] Although Egypt previously received IMF support ($12 billion loan for 2016-2019)[6] geared toward reducing overall debt, the IMF also has added a new $2.77 billion tranche of financing to help Egypt during the pandemic.

In addition to expanding government benefits to low-income workers, President Sisi has maintained stability during the pandemic by continuing to use emergency powers and broad legal authority granted to the executive by parliament to suppress opposition. Authorities have used media laws to arrest journalists who questioned government caseload statistics on charges of spreading "false news."[7] The Egyptian parliament also has amended and extended the nationwide

[1] Beyond the COVID-19 pandemic, Egypt has long struggled with strained domestic resources due overpopulation, which surpassed 100 million in 2020 and is predicted to rise as high as 150 million by 2050 (United Nations – World Population Prospects – 2019). In Egypt, overpopulation, particularly in the Cairo metropolis, has resulted in overcrowded classrooms, unemployment, and crippling traffic. See, "As Egypt's Population Hits 100 Million, Celebration is Muted," Fanack.com, December 19, 2019. The Egyptian government has launched family planning initiatives, which is a challenge in more rural areas. See, "'Two is Enough,' Egypt Tells Poor Families as Population Booms," Reuters, February 20, 2019.

[2] While the Egyptian economy has experienced growth in tourism and energy, non-oil business activity had declined for six straight months prior to the COVID-19 outbreak, signaling that private sector growth was below expectations. See, "Egypt Non-Oil Private Sector Shrinks Faster in Jan – PMI," Reuters, February 3, 2020.

[3] International Monetary Fund, Confronting the COVID-19 Pandemic in the Middle East and Central Asia, April 2020.

[4] "Egypt: Country Outlook," *Economist Intelligence Unit*, April 24, 2020.

[5] "Egypt Chose a Looser Lockdown. Its Economy is Still in Crisis," *The Economist*, May 23rd 2020 edition.

[6] In 2016, the IMF and Egypt reached a three-year, $12 billion loan agreement predicated on Egypt undertaking key reforms such as depreciating the currency, reducing public subsidies, and increasing taxes. While reforms such as reduced subsidies for electricity helped to reduce the annual deficit, poverty rates in Egypt have increased from 28% in 2015 to 33% in 2019. See, "Arab States and the IMF: A Bit too Austere," *The Economist*, February 22, 2020.

[7] Amnesty International, "Egypt: Prisons Are Now Journalists' Newsrooms," Public Statement, May 3, 2020.

state of emergency, which has been in place since April 2017. While the government claims these expansions were needed to cope with COVID-19, according to Human Rights Watch, only a few of the new amendments are "clearly tied to public health developments."[8]

Figure 1. Map of Egypt

Source: Map Resources, adapted by CRS.

Throughout the first half of 2020, the Trump Administration has continued its policy of fostering good relations with the Egyptian government by advancing military-to-military ties,[9] trade, and investment. Although the Administration has refrained from publicly rebuking the Sisi regime over its human rights record, several issues have caused tensions in U.S.-Egyptian relations, including Egypt's continued detention of American citizens and the Egyptian military's possible purchase of advanced Russian fighter jets (**see Issues for Congress section below**). According to multiple reports, the U.S. Defense Department is actively pursuing a policy review of longstanding U.S. participation in the Sinai Peninsula peacekeeping and monitoring mission, known as the Multinational Force and Observers (MFO).[10]

[8] Human Rights Watch, "Egypt: Covid-19 Cover for New Repressive Powers," May 7, 2020.

[9] In May 2020, the Defense Security Cooperation Agency notified Congress of a potential sale to Egypt of up tp 43 refurbished AH-64E Apache attack helicopters for an estimated cost of $2.3 billion. See, U.S. Department of Defense, Defense Security Cooperation Agency, Transmittal No: 19-74, May 7, 2020.

[10] See CRS Insight IN11403, *Possible Withdrawal of U.S. Peacekeepers from the Sinai Peninsula*, by Jeremy M. Sharp.

Issues for Congress

Egyptian Cooperation with Israel

Egypt's 1979 peace treaty with Israel remains one of the single most significant diplomatic achievements for the promotion of Arab-Israeli peace. Congress has long been concerned with the preservation of the peace treaty and has appropriated foreign assistance and exercised oversight to ensure that both parties maintain it. Since 2012, congressional appropriators have included in foreign operations appropriations law a requirement that before foreign aid funds can be provided to Egypt, the Secretary of State must certify that Egypt is meeting its obligations under the 1979 Egypt-Israel Peace Treaty.[11]

While people-to-people relations remain cold, Egypt and Israel have continued to find specific areas in which they can cooperate, such as containing Hamas in the Gaza Strip, countering terrorism, and developing natural gas in the Eastern Mediterranean (**see sections below**).

Egypt, Israel, and the Palestinians

Egypt's triangular relationship with Israel and Hamas in the Gaza Strip is complex. On the one hand, Israel and Egypt cooperate against Hamas in the Gaza Strip, as they have since 2013. Egypt is opposed to Islamist groups wielding political power across the Middle East, and opposes Turkish and Qatari support for Hamas.[12] On the Egyptian-Gaza border, Egypt has tried to thwart arms tunnel smuggling into Gaza and has accused Palestinian militants in Gaza of aiding terrorist groups in the Sinai. On the other hand, in an acknowledgement of Hamas' entrenched rule in Gaza, now in its second decade, Egypt couples its policy of containment with ongoing dialogue. The Egyptian-Hamas relationship has provided the Egyptian security and intelligence services an opportunity to play the role of mediator between Israel and Hamas. Egypt, at times, has attempted to broker a long-term Israel-Hamas truce.[13]

Egypt controls the Rafah border crossing into Gaza, making Rafah the only non-Israeli-controlled passenger entryway into the Strip, which it periodically closes for security reasons. Control over the Rafah border crossing provides Egypt with some leverage over Hamas, though Egyptian authorities appear to use it carefully in order not to spark a humanitarian crisis on their border.[14] Egypt also controls the Salah al Din Gate, a previously used crossing north of Rafah that opened for commercial use in 2018. According to one report, both Hamas and Egypt tax imported goods moving into Gaza through the gate, earning Hamas tens of millions of dollars per year in revenue.[15]

After President Trump released his long-promised "Peace to Prosperity" plan for Israel and the Palestinians on January 28, 2020, the Egyptian Foreign Ministry released a statement that recognized "the importance of considering the U.S. administration's initiative from the perspective of the importance of achieving the resolution of the Palestinian issue, thus restoring to

[11] See Section 7041(a)(1) of P.L. 116-94, the Further Consolidated Appropriations Act, 2020. In addition to sustaining the treaty, the certification also requires Egypt to sustain its "strategic relationship with the United States."

[12] "How Israel and Egypt are Coordinating on Gaza," *Al Monitor*, July 12, 2018.

[13] "Egypt Trying to Broker Broad Israel-Hamas Truce, Hamas Says," *Associated Press*, August 2, 2018.

[14] "For Hamas, Reconciliation with Egypt Worth More than Qatari Cash," *Al Monitor*, January 31, 2019.

[15] "New Gaza Crossing Raises Questions about Blockade Policies," *PolicyWatch*, number 3205, The Washington Institute for Near East Policy, October 23, 2019.

the Palestinian people their full legitimate rights through the establishment of a sovereign independent state in the Palestinian occupied territories in accordance with international legitimacy and resolutions."[16]

President Sisi has refrained from making any public statements assessing the U.S. peace plan or the possibility of Israeli West Bank annexation. Instead, Egypt's foreign ministry has worked collectively with other Arab states through the Egypt-based Arab League to express opposition to annexation. In late April 2020, Arab League foreign ministers issued a statement saying "The implementation of plans to annex any part of the Palestinian territories occupied in 1967, including the Jordan Valley … and the lands on which Israeli settlements are standing represents a new war crime … against the Palestinian people."[17]

Sinai Peninsula

Several terrorist groups based in the Sinai Peninsula (the Sinai) have been waging an insurgency against the Egyptian government since 2011. The Islamic State's Sinai Province affiliate (IS-SP) is the most lethal terrorist organization in the peninsula.[18] Since its inception in 2014, IS-SP has attacked the Egyptian military continually, targeted Coptic Christian individuals and places of worship,[19] and occasionally fired rockets into Israel. From January to November 2019, IS-SP conducted 282 attacks in Sinai that resulted in the deaths of 269 people, most of whom were Egyptian security personnel.[20]

[16] Facebook, Egyptian Ministry of Foreign Affairs, Press Statement (unofficial translation), January 28, 2020.

[17] "Arab League Slams Israeli Plan to Annex Occupied West Bank," *Al Jazeera*, April 30, 2020.

[18] This group was formerly known as *Ansar Bayt al Maqdis* (Supporters of the Holy House or Partisans of Jerusalem). It emerged after the Egyptian revolution of 2011 and affiliated with the Islamic State in 2014. Estimates of its numerical composition range from 500 to 1,000. In Arabic, it is known as *Wilayat Sinai* (Sinai Province). Also referred to as ISIS-Sinai, ISIS-Egypt, and the Islamic State in the Sinai.

[19] In November 2018, IS-SP claimed responsibility for an attack against Coptic Christian pilgrims traveling to the monastery of Saint Samuel the Confessor 85-miles south of Cairo in the western desert.

[20] Amos Harel, "ISIS Is Still Alive and Well in Sinai, and Israel Fears a Major Attack on Its Egypt Border," *Ha'aretz* (Israel), December 18, 2019. This article suggests that IS-SP attacks in the Sinai have decreased significantly, from 603 in 2017 to 333 in 2018.

At times, Egypt and Israel have cooperated to counter terrorism in the Sinai. In a televised interview in 2019, President Sisi responded to a question on whether Egyptian-Israeli military cooperation was the closest it has ever been, saying "That is correct. The [Egyptian] Air Force sometimes needs to cross to the Israeli side. And that's why we have a wide range of coordination with the Israelis."[21] One news account suggested that, as of February 2018, Israel, with Egypt's approval, had used its own drones, helicopters, and aircraft to carry out more than 100 covert airstrikes inside Egypt against militant targets.[22]

Figure 2. The Sinai Peninsula

Source: http://www.mfo.org

The 1979 Israeli-Egyptian peace treaty limits the number of soldiers that Egypt can deploy in the Sinai, subject to the parties' negotiation of changes to address particular circumstances. Egypt and Israel agree upon any short-term increase of Egypt's military presence in the Sinai and to the construction of military and/or dual-use infrastructure. Since Israel returned control over the Sinai to Egypt in 1982, the area has been partially demilitarized, and the Sinai has served as an effective buffer zone between the two countries. The Multinational Force and Observers, or MFO, are deployed in the Sinai to monitor the terms of the Israeli-Egyptian peace treaty (**see Figure 1**).

Natural Gas

Israeli-Egyptian energy cooperation has significantly expanded since 2018. For Egypt, cooperation with Israel is a key component of its broader regional strategy to become a key player in the development of undersea natural gas in the Eastern Mediterranean.[23] Egypt is attempting to position itself as a regional gas hub, whereby its own gas fields meet domestic demand while imported gas from Israel and Cyprus can be liquefied in Egypt and reexported.[24] Egypt has the Eastern Mediterranean's only two large-scale liquefied natural gas terminals (located at Idku and Damietta), operating as partnerships between the state and foreign companies such as Italy's ENI and Royal Dutch Shell.

In 2018, Israeli and Egyptian companies entered into a decade-long agreement by reaching a $15 billion natural gas deal, according to which Israeli off-shore natural gas is exported to Egypt for either domestic use or liquefaction before being exported elsewhere.

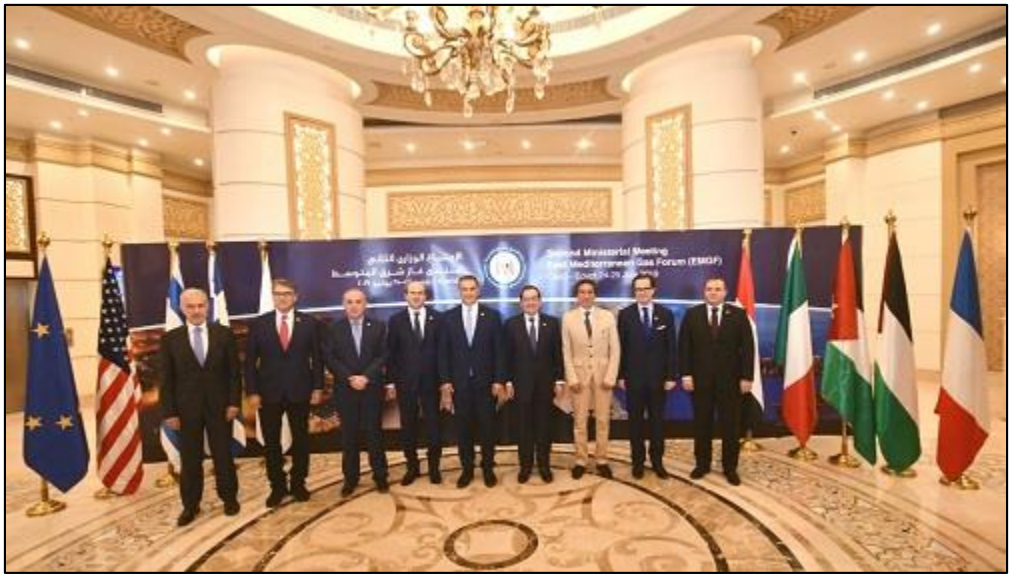
[21] "Egypt's President El-Sisi Denies Ordering Massacre in Interview his Government Later Tried to Block," *60 Minutes*, January 6, 2019.

[22] "Secret Alliance: Israel Carries Out Airstrikes in Egypt, with Cairo's O.K," *New York Times*, February 3, 2018.

[23] The COVID-19 pandemic is significantly slowing natural gas production in the Eastern Mediterranean in spring 2020, as many analysts expect weaker demand in the months ahead. See, Clifford Krauss, "Natural Gas Exports Slow as Pandemic Reduces Global Demand," *New York Times*, May 11, 2020.

[24] "Egypt Says U.S. Oil Firms Showing Appetite for Offshore Projects," *Reuters*, November 24, 2018.

Figure 3. Israel Participates in Egypt-led Gas Forum



Source: Egypt's Ministry of Petroleum.

Note: Photo also features former U.S. Secretary of Energy Rick Perry (second from left).

Israeli and Egyptian companies have bought significant shares of an unused undersea pipeline (the EMG pipeline) connecting Israel to the northern Sinai Peninsula. The pipeline is now used to transport natural gas from Israel to Egypt as part of the previously mentioned gas deal between the U.S.-based company Noble Energy, its Israeli partner Delek, and the Egyptian company Dolphinus Holdings.

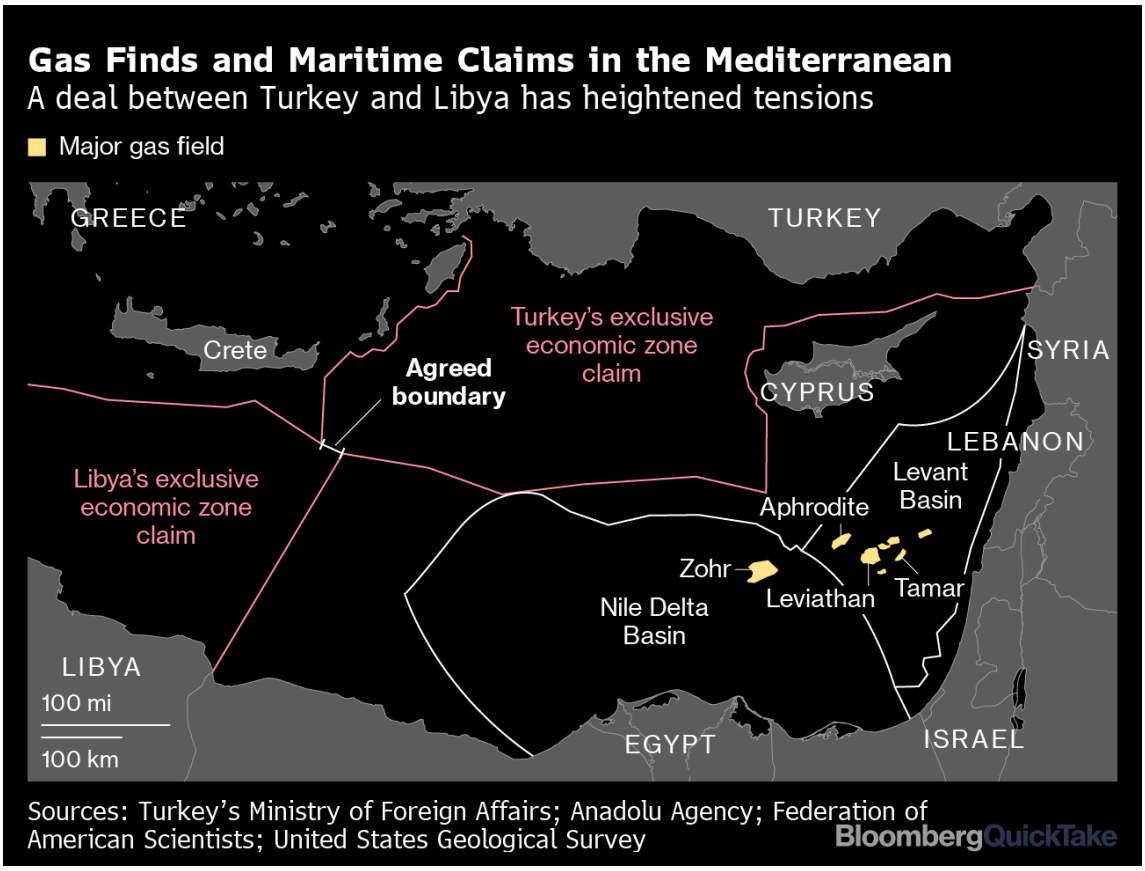
As energy ties bind Israel and Egypt closer together, it also has made both parties wary of competitors such as Turkey. In January 2019, Egypt convened the first ever Eastern Mediterranean Gas Forum (EMGF), a regional consortium consisting of Egypt, Israel, Jordan, the Palestinian Authority, Cyprus, Greece, and Italy, intended to consolidate regional energy policies and reduce costs.[25] Since then, it has held two other EMGFs, most recently in January 2020. Turkey, which is considered a rival in the competition to secure energy resources in the Mediterranean, is not a member of the EMGF. As Turkey has expanded its role in Libya, Libya's Government of National Accord (GNA) signed a maritime boundary agreement with Turkey in late 2019 which many observers view as favorable for Turkish interests in the Eastern Mediterranean.[26] Afterward, Egypt called the deal "illegal and not binding;" Israel said the deal could "jeopardize peace and stability in the area."[27]

[25] "Natural Gas Fields Give Israel a Regional Political Boost," *Associated Press*, January 23, 2019.

[26] Selcan Hacaoglu and Firat Kozok, "Turkish Offshore Gas Deal with Libya Upsets Mediterranean Boundaries," *Bloomberg*, December 6, 2019.

[27] "Turkey-Libya Maritime Deal Rattles East Mediterranean," Reuters, December 25, 2019.

Figure 4. Competition for Natural Gas in the Mediterranean



Source: Bloomberg

Democracy, Human Rights, and Religious Freedom

Egypt's record on human rights and democratization has sparked regular criticism from U.S. officials and some Members of Congress. The Egyptian government rejects foreign criticism of its human rights practices as illegitimate interference in Egypt's domestic affairs.[28] Certain practices of Sisi's government, the parliament, and the security apparatus have been the subjects of U.S criticism. According to the U.S. State Department's report on human rights conditions in Egypt in 2019:

> Significant human rights issues included: unlawful or arbitrary killings, including extrajudicial killings by the government or its agents and terrorist groups; forced disappearance; torture; arbitrary detention; harsh and life-threatening prison conditions; political prisoners; arbitrary or unlawful interference with privacy; the worst forms of restrictions on free expression, the press, and the internet, including arrests or prosecutions against journalists, censorship, site blocking, and the existence of unenforced criminal libel; substantial interference with the rights of peaceful assembly and freedom of association, such as overly restrictive laws governing civil society organizations; restrictions on political participation; violence involving religious minorities; violence targeting lesbian, gay, bisexual, transgender, and intersex (LGBTI) persons; use of the law to arbitrarily arrest and prosecute LGBTI persons; and forced or compulsory child labor. The government inconsistently punished or prosecuted officials who committed abuses,

[28] "Egypt calls on US not to interfere in its Affairs," *The Middle East Monitor*, March 15, 2019.

> whether in the security services or elsewhere in government. In most cases the government did not comprehensively investigate allegations of human rights abuses, including most incidents of violence by security forces, contributing to an environment of impunity.[29]

Authorities restrict access to the internet, censor online content, and monitor private online communications.[30] In 2018, parliament passed amendments to the Media and Press Law that, among other changes, grant the regulatory body known as the Supreme Media Council the authority to suspend a social media account that has 5,000 followers or more if it posts false news, promotes violence, or spreads hateful views."[31] The Egyptian government also has attempted to require that technology companies share their user data with authorities.[32] In October 2019, the Egyptian cabinet issued a resolution mandating, among other things, that ride-sharing companies such as Uber submit to the Ministry of Transportation six months' worth of customers' data from all rides.[33]

Select international human rights, democracy, and development monitoring organizations provide the following global rankings for Egypt.

Table 1. Democracy, Human Rights, and Development Indicators

Issue	Index	Ranking
Democracy	Freedom House, Freedom in the World 2020	"Not Free"
Press Freedom	Reporters Without Borders, World Press Freedom Index 2020	166/180 Countries
Corruption	Transparency International, Corruption Perceptions Index 2019	106/180 Countries
Human Development	United Nations Human Development Programme, Human Development Index 2019	116/189 Countries

Source: Freedom House, Reporters Without Borders, Transparency International, and United Nations Human Development Programme.

Detention of American Citizens in Egypt

The detention of American citizens/dual nationals in Egypt has strained U.S.-Egyptian relations at times. On January 13, 2020, Mustafa Kassem, a dual U.S.-Egyptian citizen who had been detained in Egypt since 2013, died of heart failure in an Egyptian prison after a two-year hunger strike. Some Members of Congress had long been concerned for Kassem, arguing that Egyptian authorities unlawfully detained and wrongfully convicted him.[34] The Egyptian government has defended its treatment of Kassem, claiming that he received adequate medical care and legal rights. After Kassem's death, one report suggests that the State Department's Bureau of Near

[29] U.S. State Department, Bureau of Democracy, Human Rights and Labor, Country Reports on Human Rights Practices for 2019, Egypt

[30] See, "The Eye on the Nile," *Check Point Research*, October 3, 2019.

[31] "Egypt: Parliament Passes Amendments to Media and Press Law," *Global Legal Monitor*, the Law Library, Library of Congress, August 6, 2018.

[32] "Dilemma for Uber and Rival: Egypt's Demand for Data on Riders," *New York Times*, June 10, 2017.

[33] "Egypt: Ministerial Resolution Issued to Regulate Activities of Ride-Sharing Companies," *Global Legal Monitor*, The Law Library, Library of Congress, October 22, 2019.

[34] For additional background, see CRS Insight IN11216, *Egypt: Death of American Citizen and Congressional Response*, by Jeremy M. Sharp.

Eastern Affairs had raised the option of possibly cutting up to $300 million in foreign aid to Egypt.[35]

Although some U.S. citizens may be detained in Egypt on non-political charges (such as narcotics possession), notable detainee cases that may involve politically motivated charges include the following:

- **Khaled Hassan.** Detained since January 2018, Hassan is a limousine driver from New York who has been accused of joining Islamic State-Sinai Province (IS-SP). Human rights organizations allege that Hassan has been tortured while in prison.[36] Hassan is a dual U.S. and Egyptian citizen.
- **Mohammed al Amashah**. Detained since March 2019, al Amashah is a 23-year-old medical student who was arrested in Tahrir Square on charges of misusing social media and helping a terrorist group after he displayed a sign that read, "Freedom for all prisoners." In March 2020, he went on a hunger strike to protest his imprisonment. Al Amashah is a dual U.S. and Egyptian citizen.

As the COVID-19 pandemic continues to spread worldwide, particularly in prisons, some human rights advocates and Members of Congress[37] have called on the Egyptian government to release some of its detainees, including the few American citizens held on politically motivated charges.[38] On April 10, a bipartisan group of Senators wrote a letter to Secretary of State Michael Pompeo urging him to "publicly call for the release of Americans and political prisoners locked up abroad on baseless charges" to include detained American citizens in Egypt.[39] The Egyptian government claims that it is taking preventive and protective measures for prisoners and prison staff and has suspended family visits to prisons to limit risk of infection.[40] On April 23 in a phone call between Secretary of State Pompeo and Egyptian Foreign Minister Sameh Shoukry, Secretary Pompeo "emphasized that detained U.S. citizens be kept safe and provided consular access during the COVID-19 pandemic."[41]

In early May 2020, Reem Mohamed Desouky, a teacher from Pennsylvania who was arrested at the Cairo airport on charges of improper use of social media and who had been detained since July 2019, was released from prison and returned safely to the United States after she renounced her Egyptian citizenship. Desouky had been a dual U.S. and Egyptian citizen.

Coptic Christians

Most Egyptians are Sunni Muslims, but a small percentage (perhaps 5% or less) are Coptic Christians, and this minority has faced discrimination and persecution, from the government as well as from other citizens and terrorist groups. Congress has at times urged the government of

[35] Jack Detsch, Robbie Gramer, Colum Lynch, "After Death of U.S. Citizen, State Department Floats Slashing Egypt Aid," *Foreignpolicy.com*, March 31, 2020.

[36] "Jailed in Egypt, American Limo Driver Attempts Suicide," *Washington Post*, August 9, 2019.

[37] https://www.murphy.senate.gov/newsroom/press-releases/murphy-statement-on-us-citizens-unjustly-detained-in-egypt

[38] "Working Group on Egypt Call to Release Detainees," March 26, 2020. Available online at: [https://carnegieendowment.org/2020/03/26/working-group-on-egypt-call-to-release-detainees-pub-81381]

[39] See Senators Toomey, Casey Urge Release of Americans and Political Prisoners Detained Abroad to Protect them from COVID-19, April 10, 2020.

[40] "Fear of Coronavirus Haunts Egypt's Cramped Jails," Reuters, April 22, 2020.

[41] U.S. State Department, Secretary Pompeo's Call with Egyptian Foreign Minister Shoukry, April 23, 2020.

Egypt to protect this community. For example, in the 116th Congress, H.Res. 49, among other provisions, urges the Government of Egypt to enact "reforms to ensure Coptic Christians are given the same rights and opportunities as all other Egyptian citizens…"

For years, the Coptic Christian community in Egypt has called for equal treatment under the law.[42] Since taking office, President Sisi has publicly called for greater Muslim-Christian coexistence and national unity. In January 2019, he inaugurated Egypt's Coptic Cathedral of Nativity in the new administrative capital east of Cairo saying, "This is an important moment in our history. … We are one and we will remain one."[43]

Despite these public calls for improved interfaith relations in Egypt, the minority Coptic Christian community continues to face professional and social discrimination, along with occasional sectarian attacks. According to the latest annual U.S. Commission on International Religious Freedom report, "religious discrimination [in Egypt] remained pervasive, including a disparity in policies regarding places of worship, a lack of opportunities for non-Muslims to work in key areas of government service, state security harassment of former Muslims, and recurring incidents of anti-Christian violence, particularly in rural areas."[44]

Major terrorist attacks against Christian places of worship also continue to threaten the Coptic community. Suicide bomber attacks against Coptic cathedrals in 2011, 2016, and 2017 collectively killed over 95 people and injured hundreds of others. In spring 2020, the Egyptian Ministry of the Interior broke up a terrorist cell planning attacks over Coptic Easter. One policeman and seven suspects were killed in the operation.[45]

Coptic Christians also have long voiced concern about state regulation of church construction. They have demanded that the government reform long-standing laws (some dating back to the nineteenth century) on building codes for Christian places of worship. Article 235 of Egypt's 2014 constitution mandates that parliament reform these building code regulations. In 2016, parliament approved a church construction law (Law 80 of 2016) that expedited the government approval process for the construction and restoration of Coptic churches, among other structures.

Although Coptic Pope Tawadros II welcomed the law,[46] critics claimed that it continues to allow for discrimination. According to *Human Rights Watch*, "the new law allows governors to deny church-building permits with no stated way to appeal, requires that churches be built 'commensurate with' the number of Christians in the area, and contains security provisions that risk subjecting decisions on whether to allow church construction to the whims of violent mobs."[47]

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[42] In late 2019, an Egyptian Coptic woman won a landmark inheritance case before the Cairo Court of Appeal. The court granted the plaintiff, a Coptic Christian woman, a share of her late father's inheritance equal to that of her two male brothers by applying Christian Orthodox Personal Status Bylaws rather than Islamic law (which grants sons twice the share of daughters). The plaintiff had argued that, per the Egyptian Constitution of 2014, she should not be subject to Islamic law in matters related to family law. See, George Sadek, "Egypt: Court Grants Christian Woman Share of Father's Estate Equal to Share of Her Two Brothers," Library of Congress, *Global Legal Monitor*, January 9, 2020.

[43] "Egypt's Sisi Opens Mega-Mosque and Middle East's Largest Cathedral in New Capital," *Reuters*, January 6, 2019.

[44] Annual Report of the U.S. Commission on International Religious Freedom, April 2020.

[45] Samy Magdy, "Egypt: Police Kill 7 Suspected Militants in Cairo Suburb, *ABC News*, April 14, 2020.

[46] "HH Pope Tawadros II: Church Construction Law Corrected an Error and Bandaged Wounds," Coptic Orthodox Cultural Center, September 1, 2016.

[47] "Egypt: New Church Law Discriminates Against Christians," *Human Rights Watch*, September 15, 2016.

Possible Egyptian Purchase of Russian Advanced Fighter Aircraft

For over a year,[48] there have been periodic reports of Egyptian plans to purchase Russian Sukhoi Su-35 Multi-Role Fighter Aircraft, a move that could potentially trigger U.S. sanctions under the Countering Russian Influence in Europe and Eurasia Act of 2017 (CRIEEA; P.L. 115-44/H.R. 3364, Countering America's Adversaries Through Sanctions Act [CAATSA], Title II – hereinafter referred to as CAATSA).[49] In May 2020, TASS Russian News Agency reported that the Gagarin Aircraft Manufacturing Association in Komsomolsk-on-Amur had started production of the aircraft under a contract signed in 2018.[50] As of May 2020, U.S. officials have not publicly confirmed that Egypt and Russia are moving ahead with the deal. The Su-35 is Russia's most advanced fighter aircraft. Indonesia and Turkey also may purchase the Su-35.[51]

Section 231 of CAATSA requires that the President impose a number of sanctions on a person or entity who knowingly engages in a significant transaction with anyone who is part of, or operates for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation. The Secretary of State has determined that the manufacturer of the Su-35, Komsomolsk-on-Amur Aviation Production Organization (KNAAPO) is a part of, or operates on behalf of, Russia's defense and intelligence sectors for the purpose of meeting the definitional requirements of CAATSA Section 231.[52] On September 20, 2018, the U.S. Treasury Department made its first designations pursuant to Section 231 against the Equipment Development Department of China's Central Military Commission, as well as its director, for taking delivery from Russia of 10 Su-35 combat aircraft in December 2017 and S-400 surface-to-air missile system-related equipment in 2018.[53]

On April 8, 2019, a bipartisan group of 17 Senators wrote a letter to Secretary of State Mike Pompeo expressing concern regarding Egypt's possible purchase of the Su-35.[54] The next day, in testimony before the Senate, Secretary Pompeo remarked that "We've made clear that, if those systems were to be purchased, [under] statute CAATSA would require sanctions on the regime…. We have received assurances from [the Egyptians] that they understand that [sanctions will be imposed] and I am very hopeful that they will decide not to move forward with that acquisition."[55]

In November 2019, new reports surfaced indicating that Secretary of State Mike Pompeo and Secretary of Defense Mark Esper warned the Egyptian government that "Major new arms deals with Russia would—at a minimum—complicate future U.S. defense transactions with and

[48] In April 2019, reports surfaced that the Egyptian Air Force was considering procuring over 20 Russian Sukhoi Su-35 Multi-Role Fighter Aircraft in a deal worth $2 billion. See, "Egypt Signs $2 bln Deal to Buy Russian Fighter Jets – Kommersant," Reuters, March 18, 2019.

[49] Countering Russian Influence in Europe and Eurasia Act of 2017, title II, Countering America's Adversaries Through Sanctions Act (CAATSA; P.L. 115-44). For additional background, see CRS Report R45415, *U.S. Sanctions on Russia*, coordinated by Cory Welt.

[50] Derek Bisaccio, "Su-35 Production for Egypt Begins," *Defense and Security Monitor*, May 18, 2020.

[51] "Russia Completes Deliveries of SU-35 Fighter Aircraft to China," *Jane's Defence Weekly*, April 16, 2019.

[52] See, U.S. State Department, Section 231 of CAATSA, https://www.state.gov/t/isn/caatsa/

[53] https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20180920_33.aspx.

[54] Senator Bob Menendez website, Leading Senators Call on Sec. Pompeo to Raise Key Concerns during Bilateral Meeting with Egyptian President Sisi, April 8, 2019.

[55] Senate Appropriations Subcommittee on State and Foreign Operations Holds Hearing on Fiscal 2020 Budget Request for the State Department, *CQ Transcripts*, April 9, 2019.

security assistance to Egypt."[56] Another U.S. official cautioned that the purchase puts Egypt "at risk of sanctions and it puts them at risk of loss of future acquisition."[57] Since then, there have been no additional official U.S. public statements regarding the possibility of sanctioning Egypt.

Historical Background

Since 1952, when a cabal of Egyptian Army officers, known as the Free Officers Movement, ousted the British-backed king, Egypt's military has produced four presidents; Gamal Abdel Nasser (1954-1970), Anwar Sadat (1970-1981), Hosni Mubarak (1981-2011), and Abdel Fattah al Sisi (2013-present). These four men have ruled Egypt with strong backing from the country's security establishment almost continually. The one exception has been the brief period of rule by Muhammad Morsi, who was affiliated with the Egyptian Muslim Brotherhood (see below). That organization that has opposed single party military-backed rule and advocated for a state governed by a vaguely articulated combination of civil and *Shariah* (Islamic) law. For the most part, the Muslim Brotherhood has been the only significant and abiding opposition during the decades of military-backed rule.

The one departure from Egypt's decades of military rule, the brief period in which Morsi ruled, took place between 2011 and 2013, after popular demonstrations dubbed the "Arab Spring," which had started in neighboring Tunisia, compelled the military to force the resignation of former President Hosni Mubarak in February 2011. During this period, Egypt experienced tremendous political tumult, culminating in Morsi's one-year presidency. When Morsi took office on June 30, 2012, after winning Egypt's first truly competitive presidential election, his ascension to the presidency was expected to mark the end of a rocky 16-month transition period. Proposed timelines for elections, the constitutional drafting process, and the military's relinquishing of power to a civilian government had been constantly changed, contested, and sometimes even overruled by the courts. Instead of consolidating democratic or civilian rule, Morsi's rule exposed the deep divisions in Egyptian politics, pitting a broad cross-section of Egypt's public and private sectors, the Coptic Church, and the military against the Brotherhood and its Islamist supporters.

The atmosphere of mutual distrust, political gridlock, and public dissatisfaction that permeated Morsi's presidency provided Egypt's military, led by then-Defense Minister Sisi, with an opportunity to reassert political control. On July 3, 2013, following several days of mass public demonstrations against Morsi's rule, the military unilaterally dissolved Morsi's government, suspended the constitution that had been passed during his rule, and installed Sisi as interim president. The Muslim Brotherhood and its supporters declared the military's actions a coup d'etat and protested in the streets. Weeks later, Egypt's military and national police launched a violent crackdown against the Muslim Brotherhood, resulting in police and army soldiers firing live ammunition against demonstrators encamped in several public squares and the killing of at least 1,150 demonstrators. The Egyptian military justified these actions by decrying the encampments as a threat to national security.[58]

Domestic Developments

President Abdel Fattah al Sisi's tenure appears to have been predicated on the idea that a significant segment of the public, exhausted after several years of unrest and distrustful of Islamist rule, remains willing to forgo democratic liberties in exchange for the rule of a

[56] "Pompeo Warns Egypt of Sanctions Over Russian Arms," *The Wall Street Journal*, November 15, 2019.

[57] "US: Egypt Could Face Sanctions if it Purchases Russian Fighter Jets," *Associated Press*, November 18, 2019.

[58] "Egyptian Cabinet Vows to Disperse Pro-Morsi Protest Camps," *The Guardian* (UK), July 31, 2013.

strongman hailing from the military. The authorities have limited dissent by maintaining a constant crackdown, which initially was aimed at the Muslim Brotherhood but has evolved to cover a broader range of political speech, encompassing anyone criticizing the government.

While successive Egyptian presidents since 1952 were effective at centralizing power, both within the ruling system and outside it, certain institutions (judiciary, military) and individuals enjoyed a considerable degree of independence from the executive. However, under President Sisi, there has been arguably an unprecedented attempt to consolidate control over all branches of government while stymying opposition to his rule. In April 2019, voters approved amendments to the constitution that extend Sisi's current term until 2024 and permit him to run for a third term, potentially keeping him in office until 2030. The amendments also granted the president the authority to appoint all chief justices of Egyptian judicial bodies and the public prosecutor. During summer 2019, Sisi made those judicial appointments, leading one anonymous Egyptian judge to question this authority, saying that "The role of the judge is to be at arm's length from the executive, but this is inconsistent now with the fact the president of the republic is involved with a judge's transfer, promotion and accountability."[59] Sisi also placed his older brother and oldest son in key security and intelligence positions, although his son is no longer in that role.[60]

Egypt's unicameral parliament consists of several parties and has been largely supportive of the government's legislative agenda. One report suggests that the parliament is generally pliant to the presidency and that lawmakers who have opposed government initiatives have at times been subject to smear campaigns and intimidation.[61]

Figure 5. President Abdel Fattah al Sisi

Source: Egyptian State Information Service.

Parliamentary elections were last held in late 2015. New elections are anticipated in late 2020 for the House/Chamber of Representatives (HOR—450 seats) and a to-be-resurrected upper chamber (Consultative Assembly—180 seats). The *Economist Intelligence Unit* expects that "parliament will remain subservient to the interests of Mr Sisi and to those of the military and other favoured institutions. The public is broadly aware that this will be the case, and turnout is likely to be low at both the municipal and parliamentary votes."[62] In summer 2019, when a group of leftist and labor activist politicians attempted to form what they referred to as a "coalition of hope" to compete in the 2020 elections, the Interior Ministry arrested several of the

[59] "Fears Over Egypt's Judiciary Abound After Sisi Appointments," *Agence France Presse*, August 21, 2019.

[60] Reportedly, President Sisi has since removed his son Mahmoud from the deputy head of the GIS. According to one controversial report in the Egyptian publication Mada Masr, Mahmoud Sisi lost his position in the GIS after the president's inner circle concluded that his reputation was harmful to the Sisi regime. See, "President's Eldest Son, Mahmoud al-Sisi, Sidelined from Powerful Intelligence Position to Diplomatic Mission in Russia," Mada Masr, November 20, 2019. After Mada Masr published this account, security services temporarily detained an editor and two journalists and had their personal electronics confiscated. See, "Egypt News Outlet Raided after Report on Sisi's Son," Financial Times, November 24, 2019.

[61] "How Egypt's President Tightened his Grip," *Reuters*, August 1, 2019.

[62] "Election Preparations Get Under Way," *Economist Intelligence Unit*, October 23, 2019.

coalition's members, charging them with attempting to bring down the state using entities connected to the Muslim Brotherhood.[63]

Egypt's Foreign Policy

Under President Sisi, Egypt's foreign policy has been more active after a period of dormancy during the latter years of the late President Hosni Mubarak and the tumultuous two-and-a-half-year transition that followed Mubarak's resignation.[64] While President Sisi has continued Egypt's longtime policy of playing an intermediary role between Israel and the Palestinians, Egypt under Sisi has attempted to play a bigger role in the Eastern Mediterranean and the Red Sea. Since 2014, as Egypt has developed off-shore natural gas in the eastern Mediterranean, President Sisi has modernized the Egyptian Navy and improved economic ties with Israel, Italy, and Cyprus while also looking to deter regional rivals, such as Turkey. In January 2020, Egypt inaugurated a new base (Berenice) on the Red Sea which, according to one account, will allow Egypt to "project military power into the southern Red Sea."[65]

As part of President Sisi's strategy to revitalize Egyptian power in its immediate vicinity, it has maintained longstanding U.S.-Egyptian security ties while prioritizing defense relationships with other actors.[66] During Sisi's presidency, Egypt has diversified its military-to-military and trade relationships away from the United States to include closer relations with Russia, China, and European nations such as France, Italy,[67] and Germany.[68] Between 2014 and 2018, Egypt was the third-largest arms importer globally (after Saudi Arabia and India) with France and Russia being Egypt's principal suppliers.[69]

[63] "Prosecution Takes Up Political Line in Interrogation of Several Coalition for Hope Defendants, Hands Down 15-day Detention Orders," *Mada Masr*, June 27, 2019.

[64] From about 2000 to 2013, Egypt had turned inward, unable to either lend its support or unilaterally advance major U.S. initiatives in the region, such as the war in Iraq or the Israeli-Palestinian peace process. Moreover, the terrorist attacks of September 11, 2001 profoundly and negatively impacted how some U.S. policymakers viewed Egypt. Whereas the bilateral relationship had previously focused on promoting regional peace and stability, the 9/11 attacks reoriented U.S. policy during the George W. Bush Administration, as Americans considered the possibility that popular disillusionment from authoritarianism might contribute to terrorism. Egypt has been a key element of this reorientation, as several Egyptian terrorists helped form the original core of Al Qaeda. For example, see Nabil Fahmy, "Egypt in the World," *The Cairo Review of Global Affairs*, Summer 2012.

[65] Jeremy Binnie, "Egypt Inaugurates Major Red Sea Base Complex," *Jane's Defence Weekly*, January 16, 2020.

[66] The United States continues to fund the procurement of major defense systems, as the Defense Security Cooperation Agency (DSCA) has notified Congress of potential defense sales to Egypt worth an estimated $1.8 billion since 2017. For a list of major arms sales notifications to Egypt, see https://www.dsca.mil/tags/Egypt.

[67] The Egyptian Navy is reportedly in discussions to purchase two Italian FREMM Frigates from the Italian defense contractor Fincantieri for an estimated $1.3 billion. See, Tom Kington, "Italy in Talks to Sell Frigates to Egypt," *Defense News*, February 18, 2020.

[68] ThyssenKrupp Marine Systems (TKMS) supplies the Egyptian Navy with Type 209/1400mod submarines. The same German company also is providing the navy with MEKO A-200 frigates.

[69] "Trends in International Arms Transfers, 2018," Stockholm International Peace Research Institute (SIPRI), March 2019.

"Egypt looks beyond the US to meet Defence Needs," *Economist Intelligence Unit*, April 15, 2019. Report used data from the Stockholm International Peace Research Institute's database on arms transfers.

Libya

The Egyptian government supports Field Marshal Khalifa Haftar and the Libyan National Army (LNA) movement, which controls most of eastern Libya and has sought to take control of the rest of the country by force since April 2019. Haftar's politics closely align with President Sisi's, as both figures hail from the military and broadly oppose Islamist political forces. From a security standpoint, Egypt seeks the restoration of order on its western border, which has experienced occasional terrorist attacks and arms smuggling.[70] From an economic standpoint, thousands of Egyptian guest workers were employed in Libya's energy sector prior to unrest in Libya in 2011, and Egypt seeks their return to Libya and a resumption of the vital remittances that those workers provided the Egyptian economy.

As the war in Libya has escalated since Haftar launched his April 2019 offensive to seize Tripoli, there has been renewed attention to the role of outside actors in the Libya conflict. Although Egypt has participated in international diplomatic efforts (such as the January 2020 Berlin Conference) to halt fighting and reunify Libya, broadly speaking, Egypt's policy toward Libya also is closely aligned with other foreign backers of the LNA, including Russia, France, and the United Arab Emirates (UAE). As Turkey's support for the Government of National Accord (GNA) has increased over the past year, there is some concern that foreign backers of Haftar will increase their support and further destabilize Libya. In late 2019, President Sisi responded to reports of Turkey's increased role by stating, "We will not allow anyone to control Libya … it is a matter of Egyptian national security."[71]

To date, Egypt's support for the LNA has included, among other things, the following:

- In 2014, Egypt donated used combat aircraft (MiG-21s) and helicopters from its own air force to the LNA.[72]
- According to the United Nations Panel of Experts on Libya, Egypt conducted air strikes against targets in Libya's oil producing regions to support the LNA's offensive there in 2017.[73]
- According to the United Nations Panel of Experts on Libya, Egypt allowed the United Arab Emirates to refuel aircraft in Egypt before launching sorties in Libya.[74]
- According to one source, Egypt allowed the UAE to base its fleet of armed Chinese-manufactured unmanned aerial vehicles (UAVs) at air bases in western Egypt.[75]

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[70] Egyptian officials have argued that terrorist violence emanating from Libya and directed against Egyptian citizens living and working there has compelled Egypt to militarily intervene in its neighbor's civil war. On February 15, 2015, Islamists allied with the Islamic State released a video in which 21 hostages, most of whom were Egyptian Coptic Christians, were beheaded on a beach near the central Libyan town of Sirte. The following morning, Egypt responded with air strikes against terrorist camps in Derna, which had been a former Islamic State stronghold in eastern Libya.

[71] "Egypt's Sissi Slams Attempts to 'Control Libya,'" *Agence France-Presse*, December 17, 2019.

[72] "The Rise of Libya's Renegade General: How Haftar built his War Machine," *Middle East Eye*, May 14, 2019.

[73] Letter dated 5 September 2018 from the Panel of Experts on Libya established pursuant to resolution 1973 (2011) addressed to the President of the Security Council, S/2018/812, September 5, 2018.

[74] Letter dated 29 November 2019 from the Panel of Experts on Libya established pursuant to resolution 1973 (2011) addressed to the President of the Security Council, S/2019/914, December 9, 2019.

[75] Christopher Biggers, "Wing Loong II UAVs Deployed to Western Egyptian Base," *Jane's Defence Weekly*, February 27, 2020.

- Egypt has allowed UAE aircraft to deliver equipment to Libya via Egyptian airspace.[76]
- Egypt may have permitted the UAE's Mirage 2000-9 fighter aircraft to be housed at Sidi Barrani Air Base in western Egypt between deployments to Libya.[77]

The Nile Basin Countries

Egypt relies on the Nile River[78] for hydroelectricity, agriculture, and most of its domestic water needs, and thus treats restrictions to the flow of the Nile from upstream countries as an existential issue. According to the United Nations, "Egypt's dependency ratio is one of the world's highest with 96.9 percent of the total renewable water resources flowing into the country from neighbouring countries. The total renewable water resources per capita stands at 700 m3/year/capita in 2014, but considering population growth is expected to drop below the 500 m3 threshold of absolute water scarcity by 2030."[79] Experts expect climate change to increase the frequency of hot and dry years for farmers along the Nile.[80]

Figure 6. GERD Talks in Washington DC

Source: U.S. Department of the Treasury.

The government has been at odds with Nile Basin countries to Egypt's south that seek to revisit colonial-era treaties governing the Nile waters. Tensions are particularly strong with Ethiopia (population 105 million), which is nearing completion of the $4.2 billion Grand Ethiopian Renaissance Dam (GERD), a major hydroelectric project on the Blue Nile, which starts in Ethiopia. Egypt argues that the dam, once filled, will limit the flow of the Nile below Egypt's share[81], as agreed upon in a 1959 deal with Sudan (of which Ethiopia was not part).[82] Ethiopia claims that the dam, which would double its electricity generating capacity, is critical to its efforts to eradicate poverty. Sudan, which sits in the middle of the dispute, stands to benefit from

[76] Jared Malsin and Benoit Faucon, "Libya Fighting Resumes After a Brief Lull," *The Wall Street Journal*, January 31, 2020.

[77] Kerry Herschelman, "UAE Mirages using Egyptian Airbase, *Jane's Defence Weekly*, May 14, 2020.

[78] The Nile is the longest river in the world (4,184), stretching from Kenya's Lake Victoria to the Mediterranean Sea. The Blue Nile and White Nile merge in Sudan before flowing into Egypt.

[79] FAO. 2016. AQUASTAT Country Profile – Egypt. Food and Agriculture Organization of the United Nations (FAO). Rome, Italy.

[80] Declan Walsh and Somini Sengupta, "For Thousands of Years, Egypt Controlled the Nile. A New Dam Threatens That," *New York Times*, February 9, 2020.

[81] "Egypt Denounces Ethiopia for Moving Ahead with Nile Dam Amid Water: Shortage Fears," *Reuters*, October 3, 2019.

[82] International agreements on apportioning the flow of the Nile River date back to the British colonial period when some Nile riparian countries were not parties themselves to the agreements. The last major agreement, the 1959 Nile Waters Agreement between Egypt and Sudan, divided the entire average annual flow of the Nile between Egypt and Sudan. Ethiopia was not part of this agreement.

Ethiopia's prospective electricity exports and the regulated water flow, which would curtail flooding and improve its agricultural potential.[83]

After years of failed talks, Egypt, Ethiopia, and Sudan continue to disagree over how long Ethiopia should take to fill the dam, as well as how much water should be released from the GERD on an annual basis, particularly during prolonged droughts.[84] Reduced Nile flow through Sudan into Egypt may exacerbate existing water shortages in both countries and cause short-term political problems for the Egyptian government, given its extensive unmet domestic water needs.

To break the deadlock over Nile water-sharing, Egypt has repeatedly sought third-party mediation, particularly from the United States. On November 6, 2019, the U.S. Treasury Department hosted ministers from Egypt, Ethiopia, and Sudan for talks on the GERD just weeks after the issue was discussed on the sidelines of the Russia-Africa summit in Sochi, Russia. In a joint statement, all sides agreed that water ministers would continue to hold technical meetings on the GERD, with the United States and World Bank serving as observers, with the goal of reaching an agreement by January 15, 2020.[85]

Rising Sea Levels and the Nile Delta

Low-lying deltas like Egypt's Nile Delta and other parts of Egypt's coast are susceptible to sea-level rise. Higher sea levels can result in more frequent flooding from high tides and extreme rainfall, greater impacts from coastal storms, damage to coastal fresh groundwater, changes to coastal habitats for fish and other species, and land lost to coastal erosion and inundation.[86] The Nile Delta is Egypt's most important agricultural region and home to significant population and economic centers such as Alexandria and Port Said. Scientists have warned that the Nile Delta's flood risk may increase in the years ahead due to a combination of factors.[87] These include rising sea levels, which generally are anticipated to increase in the coming decades with warming temperatures, and local conditions contributing to land subsidence and loss, such as upstream dams capturing sediments needed for maintaining the delta and land subsidence from groundwater, oil, and gas extraction.[88] According to the Intergovernmental Panel on Climate Change (IPCC), "The low-lying northern coast and Nile Delta region are a high priority for adaptation to climate change."[89]

The Egyptian government is taking some steps to address climate change. With support from the International Finance Corporation, it has built one of the world's largest solar parks at Benban in Aswan and aims to dramatically increase its national reliance on solar power. It also has built storm barriers along Alexandria's shore to stave off flooding, and has received funding from the United Nations Development Program to protect dams along the Nile.

The parties subsequently convened for three rounds of talks in Washington DC between January and February 2020, but an agreement has been elusive. Among the outstanding disagreements is how many billions cubic meters (bcm) of the Blue Nile's downstream annual flow (total of

[83] See, International Crisis Group, "Bridging the Gap in the Nile Waters Dispute," March 20, 2019.

[84] See, International Crisis Group, "Calming the Choppy Nile Dam Talks," October 23, 2019.

[85] U.S. Department of the Treasury, Joint Statement of Egypt, Ethiopia, Sudan, the United States, and the World Bank, November 6, 2019.

[86] For more information on how sea levels may effect coasts, see CRS Report R44632, *Sea-Level Rise and U.S. Coasts: Science and Policy Considerations*, by Peter Folger and Nicole T. Carter. Higher sea levels can impair drainage of runoff from rainfall events.

[87] Mohamed Shaltout, Kareem Tonbol, and Anders Omstedt, "Sea-Level Change and Projected Future Flooding Along the Egyptian Mediterranean Coast," *Oceanologia*, vol. 57, no. 4 (2015); *IPCC, IPCC Special Report on the Ocean and Cryosphere in a Changing Climate*, in press, September 24, 2019, p. 4-61.

[88] Esayas Gebremichael et al., "Assessing Land Deformation and Sea Encroachment in the Nile Delta: A Radar Interferometric and Inundation Modeling Approach," *JGR Solid Earth*, vol. 123, no. 4 (April 2, 2018).

[89] IPCC, *IPCC Special Report on the Ocean and Cryosphere in a Changing Climate*, in press, September 24, 2019, p. 4-61.

49bcm) Ethiopia should use to fill the GERD's reservoir and how much flow should be released to Egypt. Ethiopia reportedly offered 31bcm to Egypt, which seeks a flow no lower than 40bcm. The United States government proposed a compromise of 37bcm.[90] In late February 2020, Ethiopia and Sudan declined to sign a U.S.-drafted agreement,[91] and Ethiopia asked for a postponement in negotiations. In March, after a phone call between President Trump and President Sisi, President Trump "expressed hope that an agreement on the Grand Ethiopian Renaissance Dam would be finalized soon and benefit all parties involved."[92] Since then, Ethiopia has said that it is working on a new compromise, but on April 1, Ethiopian Prime Minister Abiy Ahmed reiterated that Ethiopia would begin filling the GERD's reservoir at the start of the upcoming rainy season in June 2020, challenging the Trump Administration's position that filling should not commence until an agreement is reached.

Russia

Egypt and Russia, close allies in early years of the Cold War, have again strengthened bilateral ties under President Sisi, whose relationship with Russian President Vladimir Putin has rekindled, in the words of one observer, "a romanticized memory of relations with Russia during the Nasser era."[93] President Sisi first turned back toward Russia during the Obama Administration, when U.S.-Egyptian ties were strained.[94]

Since 2014, Egypt and Russia have improved ties in a number of ways, including through arms deals. Reportedly, Egypt is upgrading its aging fleet of legacy Soviet MiG-21 aircraft to a fourth generation MiG-29M variant.[95] Egypt also has purchased 46 standard Ka-52 Russian attack helicopters for its air force, in addition to reportedly purchasing the naval version of the Ka-52 for use on Egypt's two French-procured Mistral-class helicopter dock vessels (see "**France**" below). Egypt has further purchased the S-300VM surface-to-air missile defense system from Russia.[96]

Additionally, Egypt and Russia reportedly have expanded their cooperation on nuclear energy. In 2015, Egypt reached a deal with Russian state energy firm Rosatom to construct a 4,800-megawatt nuclear power plant in the Egyptian Mediterranean coastal town of Daba'a, 80 miles northwest of Cairo. Russia is lending Egypt $25 billion over 35 years to finance the construction and operation of the nuclear power plant (this is to cover 85% of the project's total costs). The contract also commits Russia to supply the plant's nuclear fuel for 60 years and transfer and store depleted nuclear fuel from the reactors.

As Egyptian and Russian foreign policies have become more closely aligned in conflict zones such as eastern Libya, bilateral military cooperation has expanded. Several years ago, one report had suggested that Russian Special Forces based out of an airbase in Egypt's western desert (Sidi

[90] "Sources: US-Proposed GERD Deal sets Ethiopia Water Release at 37 bcm, Major Disputes Remain, Mada Masr, February 17, 2020.

[91] U.S. Treasury Department, Statement by the Secretary of the Treasury on the Grand Ethiopian Renaissance Dam, February 28, 2020.

[92] "Trump tells Sisi U.S. to Pursue Efforts for Deal on Ethiopia Dam: Egypt Presidency," Reuters, March 3, 2020.

[93] "The United States and the Future of Egyptian-Russian Relations," *The Caravan*, Hoover Institution, March 9, 2017.

[94] According to *Jane's*, "The two-year U.S. suspension of delivery of US F-16C/Ds in the wake of the Arab Spring reinforced the notion among Egyptian leaders that Egypt should maintain a diverse defense supply base to avoid being hamstrung by politically driven interruption of its defense supply chain." See, "Analysis: Egyptian Air Force Modernization," *Jane's International Defence Review*," November 10, 2016.

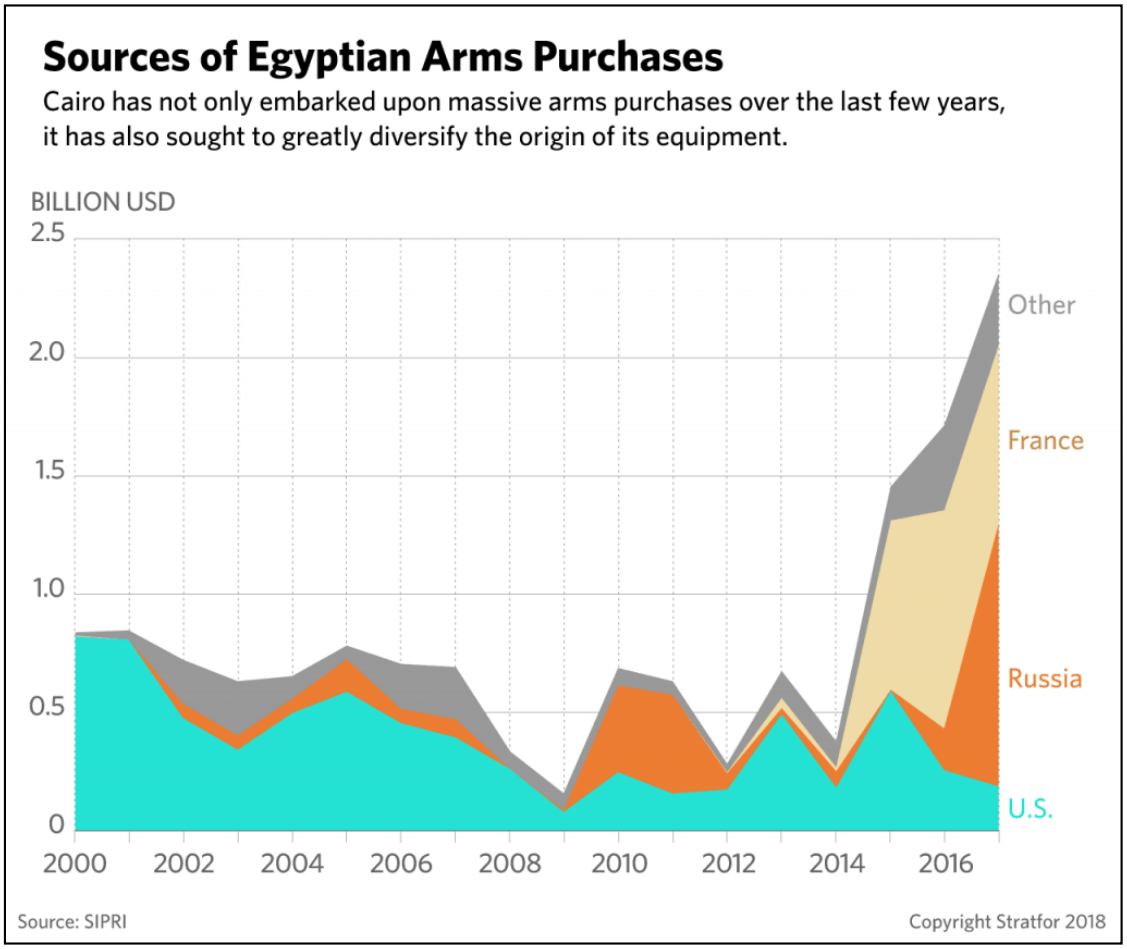
[95] See, Jane's Sentinel Security Assessment, Air Force- Egypt, August 7, 2018.

[96] "Egyptian S-300VM SAM Delivery Confirmed," *Jane's Defence Weekly*, June 6, 2017.

Barrani) were aiding General Haftar.[97] In November 2017, Egypt and Russia signed a draft agreement governing the use of each other's air space.[98]

While Egyptian-Russian ties have grown warmer in recent years, they are not without complications. In the aftermath of an October 2015 terrorist attack against a Russian passenger jet departing from Sharm El Sheikh, tourism to Egypt from Russia, previously the country's largest source of tourists, dropped significantly.[99] Russian commercial aircraft have resumed direct flights to Cairo but not to Sharm El Sheikh. Egypt and Russia also engaged in a trade dispute in 2016 over Russian wheat imports. Egypt is the largest global importer of wheat, and the largest export market for Russian wheat.

Figure 7. Growing Russian and French Arms Sales to Egypt



Source: Stratfor, using Stockholm International Peace Research Institute (SIPRI) Arms Transfer Database data.

[97] "Russia Appears to Deploy Forces in Egypt, Eyes on Libya Role – Sources," *Reuters*, March 14, 2017.

[98] According to one report, "Russian and Egyptian war planes would be able to use each other's air space and airfields by giving five days advance notice, according to the draft agreement, which is expected to be valid for five years and could be extended." See "Russian Military Working on Deal to use Egyptian Air Bases: Document," *Reuters*, November 30, 2017.

[99] Before 2015, Russian visitors accounted for 20%-30% of Egypt's tourist arrivals. See, "Russian Tourist Numbers set to recover slowly," *Economist Intelligence Unit*, May 4, 2018.

France

Like Russia, France stands out as a non-U.S. country with which President Sisi has sought to build a diplomatic and military procurement relationship. In the years since 2015, as French-Egyptian ties have improved, Egypt has purchased major air and naval defense systems from French defense contractors, including the following:

- Four Gowind Corvettes (produced by Naval Group). This deal was signed in July 2014. As part of the French-Egyptian arrangement, some of the Corvette construction has taken place at the Alexandria Shipyard in Egypt.[100]
- One FREMM multi-mission Frigate (produced by Naval Group). Named the *Tahya Misr* (Long Live Egypt), this vessel was delivered to Egypt in 2015. This ship has participated in an annual joint French-Egyptian naval exercise, known as Cleopatra.
- 24 Rafale multirole fighters (produced by Dassault Aviation). In 2018, French officials said that the United States would not permit France to export the SCALP air-launched land-attack cruise missile used on the Rafale to Egypt under the International Trade in Arms Regulation (ITAR) agreement.[101] The United States may have been concerned over the transfer of sensitive technology to Egypt.
- Two Mistral-class Helicopter Carriers (produced by Naval Group). In fall 2015, France announced that it would sell Egypt two Mistral-class Landing Helicopter Dock (LHD) vessels (each carrier can carry 16 helicopters, 4 landing craft, and 13 tanks) for $1 billion. The LHDs were delivered in 2016. In 2017, Egypt announced that it would purchase Russian 46 Ka-52 Alligator helicopters, which can operate on the LHDs.[102]

U.S.-Egyptian Relations

At a broad level, the United States views the stability of Egypt as key to the stability of the Middle East, and therefore maintains a decades-long security partnership to strengthen Egypt's armed forces and its ability to combat terrorism.[103] During the Obama Administration, U.S.-Egyptian relations became strained, particularly after President Sisi's ascension to power in 2013. Under the Trump Administration, the President and other high-level U.S. officials have largely refrained from criticizing Egypt publicly over its poor human rights record.[104] U.S. officials also

[100] In fall 2018, it was reported that the German manufacturer ThyssenKrupp Marine Systems is competing with the French company Naval Group for a possible new Egyptian Navy purchase of corvettes.

[101] "France Could Replace US Parts in SCALP Missile to Circumvent ITAR Restrictions for Egypt, But at Some Delay," *Jane's Defence Weekly*, August 2, 2018.

[102] According to one report, the effectiveness of the Mistral as a helicopter carrier depends on whether the helicopters on board have foldable rotors. If they don't, it "reduces the size of their air wings from 16 helicopters to the six that can be carried on deck." See, Jeremy Binnie, "Egypt Deploys Ka-52s on Mistral LHD," *Jane's Defence Weekly*, January 7, 2020.

[103] The White House, President Donald J. Trump Remains Committed to Egypt and Middle East Stability, April 9, 2019.

[104] One exception was during a 2019 hearing before Congress, when Assistant Secretary of State for Near Eastern Affairs David Schenker remarked that "Egypt has a long way to go on human rights." See, House Foreign Affairs Committee, Subcommittee on the Middle East, North Africa, and International Terrorism, Hearing entitled, U.S. Middle East Policy Objectives/Budget, October 29, 2019.

have praised Egypt for the role it is playing in combatting terrorism, empowering women, reforming the economy, and promoting religious freedom.[105] The Trump Administration has been more open than its predecessors in acknowledging that Egypt's brand of authoritarianism does not disqualify it from U.S. support due to its cooperation with the United States on countering terrorism. In an April 2019 exchange with Senator Pat Leahy over Egypt's human rights record, Secretary of State Pompeo stated

> Senator, there's no doubt that it's a mean nasty world out there, but [not] every one of these leaders is the same. Some of them are trying to wipe entire nations off the face of the Earth. And others are actually partnering with us to help keep America safe. There's a difference among leaders. You might call them tyrants; you might call them authoritarians. But, there's a fundamental difference. And therefore, a fundamental difference in the way the United States should respond….The president gets to choose his own words, how he speaks about these people. There's no doubt the Egyptians have been an important security partner, helping us take down terror threats in the Sinai that have reduced risks to the United States of America. There's no doubt about that. And for that, I am deeply appreciative of President Sisi. He has also been remarkably good with respect to religious freedom. I had a chance to travel there and see it. He has been a remarkable beacon in the Middle East for religious freedom.[106]

President Trump has continued to request that Congress appropriate $1.3 billion in military aid to Egypt (the same amount since 1987: see below), but he has not restored the Egyptian military's ability to benefit from "Cash Flow Financing (CFF)"—a mechanism granted by the President to enable Egypt to purchase U.S. defense equipment on credit financed over several years.[107] Moreover, President Trump reduced the FY2017 FMF obligation to Egypt by $65.7 million as a result of "Egypt's ongoing relationship with the Democratic People's Republic of Korea, lack of progress on the 2013 convictions of U.S. and Egyptian nongovernmental organization (NGO) workers, and the enactment of a restrictive NGO law that will likely complicate ongoing and future U.S. assistance to the country."[108] In April 2019, Egypt withdrew from the Trump Administration's Middle East Strategic Alliance (MESA) initiative, and it did not send a high-level official to a 2019 MESA meeting in Washington DC.[109]

[105] The White House, President Donald J. Trump Remains Committed to Egypt and Middle East Stability, April 9, 2019.

[106] Senate Committee on Appropriations, Subcommittee on State and Foreign Operations, Hearing entitled, Fiscal 2020 Budget Request for the State Department, CQ Congressional Transcripts, April 9, 2019.

[107] On March 31, 2015, then National Security Council Spokesperson Bernadette Meehan remarked that "First, beginning in fiscal year 2018, we will discontinue Egypt's use of cash flow financing (CFF) – the financial mechanism that enables Egypt to purchase equipment on credit. By ending CFF, we will have more flexibility to, in coordination with Egypt, tailor our military assistance as conditions and needs on the ground change." See, Comment from NSC Spokesperson Bernadette Meehan regarding Egypt, March 31, 2015.

[108] Congressional Notification Transmittal Sheet, Mary K. Water, Assistant Secretary of Legislative Affairs, January 23, 2018.

[109] "Egypt Withdraws from U.S.-Led Anti-Iran Security Initiative – Sources," *Reuters*, April 10, 2019. See also, U.S. Department of State, Middle East Strategic Alliance General Conference, November 13, 2019.

One key U.S. component of U.S.-Egyptian military cooperation has been expedited naval access through the Suez Canal. In May 2019, amidst rising U.S.-Iranian tensions around the Strait of Hormuz, the United States deployed the aircraft carrier *USS Abraham Lincoln* and its strike group through the Suez Canal. The Egyptian Navy facilitated the passage and, according to the U.S. Navy, "The expedited transit of ABECSG [Abraham Lincoln Strike Group] through the Suez and into the 5th Fleet area of operation demonstrates the flexibility of a multinational, multi-platform unit to respond whenever and wherever is required."[110]

Figure 8. The aircraft carrier USS Abraham Lincoln transits the Suez Canal.

Source: Department of the Navy.

Though military-to-military relations remain the backbone of the bilateral relationship, Egypt is increasingly seeking greater U.S. foreign direct investment in the private sector while the Trump Administration supports a "fair and reciprocal" trade relationship built on cooperation and "mutual benefit."[111] Despite having the largest population in the Middle East, Egypt ranks as the region's fifth-largest economy by GDP. By total 2019 volume of trade, Egypt ranks as the 59th-largest U.S. trading partner at $8.5 billion in 2019. The United States has a trade surplus with Egypt and exports wheat and corn, mineral fuel and oil, machinery, aircraft, and iron and steel products. U.S. imports include apparel, natural gas and oil, fertilizers, textiles, and agricultural products.[112] According to the U.S. Department of Commerce's Egypt Country Commercial Guide, U.S. foreign direct investment (FDI) in Egypt was $9.4 billion in 2017 (latest data available), a 25.5% decrease from 2016.[113]

Other Issues in U.S.-Egyptian Relations

Possible Muslim Brotherhood Designation

In late April 2019, media reports suggested that the Trump Administration was considering designating the Muslim Brotherhood as a Foreign Terrorist Organization (FTO).[114] According to one unnamed senior U.S. official, "The President has heard the concerns about the Muslim Brotherhood from our friends and allies in the Middle East, as well as here at home….Any potential designation would go through a robust, deliberate, and inclusive interagency process."[115]

Opponents of designating the Muslim Brotherhood movement as an FTO have argued that it would be difficult because "[t]here is no single thing called the Muslim Brotherhood, but instead a number of organizations, movements, parties, associations, and informal groups that take some

[110] U.S. Navy, Abraham Lincoln Transits Suez Canal, Story Number: NNS190509-07, May 9, 2019.

[111] Op.cit. White House, April 9, 2019.

[112] U.S. Department of State, U.S. Relations with Egypt, Bilateral Relations Fact Sheet, Bureau of Near Eastern Affairs, September 20, 2019.

[113] U.S. Department of Commerce, International Trade Administration, Egypt Country Commercial Guide, Updated August 9, 2019.

[114] "Trump Pushes to Designate Muslim Brotherhood a Terrorist Group," *New York Times*, April 30, 2019. See also, CRS In Focus IF10613, *Foreign Terrorist Organization (FTO)*, by John W. Rollins.

[115] "Trump Weighs Labeling Muslim Brotherhood a Terrorist Group," *Reuters*, April 30, 2019.

inspiration, sometimes direct and sometimes remote, from the original movement founded in Egypt in 1928 and the core texts its founder produced."[116] Some legal scholars have argued that "[b]y statute, only foreign organizations that engage in, or retain the capacity and intent to engage in, terrorist activity that threatens U.S. nationals or U.S. national security can be designated as FTOs. On their face, these prerequisites disqualify nonviolent Muslim Brotherhood affiliates as well as those based in the United States."[117] H.R. 2412, the Muslim Brotherhood Terrorist Designation Act of 2019, would call on the Secretary of State, in consultation with the intelligence community, to report to Congress on whether the Muslim Brotherhood meets the criteria for designation as an FTO under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189).

The April Corley Case

In September 2015 in Egypt's western desert, an Egyptian-operated, U.S.-supplied Apache helicopter attacked a group of tourists, resulting in the deaths of 12 people. During the attack, American citizen April Corley was severely injured.[118] Based on the severity of Corley's wounds and ongoing medical treatment, Egypt offered her what she claims was an inadequate amount of compensation. Corley has publicly advocated for the withholding of U.S. aid to Egypt (see **Table 2**) until she is fairly compensated and an amendment has been made to the Foreign Sovereign Immunities Act, "which currently prevents private citizens from suing Egypt or other countries in U.S. courts."[119]

Some lawmakers have supported Corley's cause. Vice Chair of the Senate Appropriations Committee Senator Leahy has asked the State Department to withhold $105 million in FY2018 FMF funds "over Cairo's detention of former New York taxi driver Mustafa Kassem as well as Corley's medical bills."[120] In April 2019, House Committee on Appropriations Chairwoman Nita Lowey wrote in a letter to President Sisi that "Until this American citizen is provided compensation that is commensurate with her pain, suffering, and loss, I regret to inform you that I will have to oppose any additional sale or upgrades of any AH-64E Apache helicopters to Egypt."[121] In May 2020, as mentioned above (see footnote 8), the United States approved a foreign military sale to Egypt of 43 refurbished Apache helicopters for $2.3 billion. According to R. Clarke Cooper, Assistant Secretary of State for Political-Military Affairs, "We have been very clear with our Egyptian counterparts and interlocutors about the death of Mustafa Kassem and about the case with April Corley and that settlement….Those have not gone away and they have not gone off the table."[122]

[116] "Black Label", *Carnegie Endowment for International Peace*, January 25, 2017.

[117] "How Trump Might Designate the Muslim Brotherhood as a Terrorist Organization," *Lawfare* (Brookings Institution), May 13, 2019.

[118] Corley's legal representation has posted information on her case at https://www.perseus-strategies.com/april-corley-us-egypt/

[119] "Egypt Almost Killed Me Four Years Ago. The U.S. Must Hold its Government Accountable," *Washington Post*, October 2, 2019.

[120] "Key Senator Looks to Block Apache Sale to Egypt Over Injured American," *Al Monitor*, March 28, 2019.

[121] Congresswoman Nita Lowey, Lowey Calls on Egyptian President to Fairly and Swiftly Resolve April Corley Case, Press Release, April 8, 2019.

[122] "US Approves Helicopters to Egypt but Says Rights Concerns Remain," *Al Monitor*, May 8, 2020.

Recent Action on U.S. Foreign Aid to Egypt

For FY2021, the Trump Administration has requested a total of $1.4 billion in bilateral assistance for Egypt. In FY2018 and FY2019, Congress appropriated $1.4 billion in annual bilateral aid for Egypt. Nearly all of the U.S. funds for Egypt come from the FMF account and are in turn used to purchase U.S.-origin military equipment, spare parts, training, and maintenance from U.S. firms.

Table 2. U.S. Bilateral Aid to Egypt: FY2016-FY2021

current U.S. dollars in millions

Account	FY2016 actual	FY2017 actual	FY2018 actual	FY2019 actual	FY2020 enacted	FY2021 request
FMF	$1,300.000	$1,234.300	$1,300.000	$1,300.000	$1,300.000	$1,300.000
ESF	$112.250	$112.500	$106.869	$112.500	$125.000	$142.65
INCLE	$2.000	$2.000	$2.000	$2.000	$2.000	$2.000
NADR	$2.500	$3.000	$3.000	$3.000	$3.000	$2.500
IMET	$1.800	$1.739	$1.800	$1.800	$1.800	$1.800
Total	**$1,418.550**	**$1,353.539**	**$1,413.669**	**$1,419.300**	**$1,431.800**	**$1,448.950**

Source: Department of State, Foreign Operations and Related Programs Congressional Budget Justifications (FY2017-FY2021), P.L. 116-94, and CRS calculations and rounding.

Notes: In 2016, the Obama Administration notified Congress that it was reprogramming for other purposes $108 million of ESF that had been appropriated for Egypt in FY2015 but remained unobligated. In 2017, the Trump Administration also reprogrammed approximately $37 million in FY2016 ESF for Egypt to support, among other things, water programs in the West Bank. Funding levels in this table include both enduring (base) and Overseas Contingency Operations (OCO) funds. ESF=Economic Support Fund; FMF = Foreign Military Financing; IMET = International Military Education & Training; INCLE = International Narcotics Control + Law Enforcement; NADR = Nonproliferation, Antiterrorism, Demining, and Related

Egypt's record on human rights and democratization has sparked regular criticism from U.S. officials and some Members of Congress. Since FY2012, Congress has passed appropriations legislation that withholds the obligation of FMF to Egypt until the Secretary of State certifies that Egypt is taking various steps toward supporting democracy and human rights. With the exception of FY2014, lawmakers have included a national security waiver to allow the Administration to waive these congressionally mandated certification requirements under certain conditions.

When Congress appropriates FMF to Egypt, it typically makes funds available for two years only. FY2019 FMF is currently available until September 30, 2020. To date, the Trump Administration has obligated $1 billion in FY2019 FMF for Egypt. $300 million in FMF remains withheld until the Secretary issues a determination pursuant to Section 7041(a)(3)(B) of P.L. 116-6, the FY2019 Consolidated Appropriations Act.

Appendix. Background on U.S. Foreign Assistance to Egypt

Overview

Between 1946 and 2018, the United States provided Egypt with $79.9 billion in bilateral foreign aid (calculated in historical dollars—not adjusted for inflation).[123] The 1979 Peace Treaty between Israel and Egypt ushered in the current era of U.S. financial support for peace between Israel and its Arab neighbors. In two separate memoranda accompanying the treaty, the United States outlined commitments to Israel and Egypt, respectively. In its letter to Israel, the Carter Administration pledged that it would "endeavor to take into account and will endeavor to be responsive to military and economic assistance requirements of Israel." In his letter to Egypt, former U.S. Secretary of Defense Harold Brown wrote the following:

> In the context of the peace treaty between Egypt and Israel, the United States is prepared to enter into an expanded security relationship with Egypt with regard to the sales of military equipment and services and the financing of, at least a portion of those sales, subject to such Congressional review and approvals as may be required.[124]

All U.S. foreign aid to Egypt (or any country) is *appropriated and authorized by Congress*. The 1979 Egypt-Israel Peace Treaty is a bilateral peace agreement between Egypt and Israel, and the United States is not a legal party to the treaty. The treaty itself does not include any U.S. aid obligations, and any assistance commitments to Israel and Egypt that could be potentially construed in conjunction with the treaty were through ancillary documents or other communications and were—by their terms—subject to congressional approval (see above). However, as the peace broker between Israel and Egypt, the United States has traditionally provided foreign aid to both countries to ensure a regional balance of power and sustain security cooperation with both countries.

In some cases, an Administration may sign a bilateral "Memorandum of Understanding" (MOU) with a foreign country pledging a specific amount of foreign aid to be provided over a selected time period subject to the approval of Congress. In the Middle East, the United States has signed foreign assistance MOUs with Israel and Jordan. Currently, there is no U.S.-Egyptian MOU.[125]

Congress typically specifies a precise allocation of most foreign assistance for Egypt in the foreign operations appropriations bill. Egypt receives the bulk of foreign aid funds from three primary accounts: Foreign Military Financing (FMF), Economic Support Funds (ESF), and

[123] U.S. Overseas Loans and Grants, Obligations and Loan Authorizations, July 1, 1945-September 30, 2018.

[124] See Letter From the Secretary of Defense (Brown) to-the Egyptian Minister of Defense and War Production (Ali), March 23, 1979, "United States Sales of Military Equipment and Services to Egypt." Ultimately, the United States provided a total of $7.3 billion to both parties in 1979. The Special International Security Assistance Act of 1979 (P.L. 96-35) provided both military and economic grants to Israel and Egypt at a ratio of 3 to 2, respectively, though this ratio was not enshrined in the treaty as Egypt would later claim.

[125] In July 2007, the George W. Bush Administration had announced, as a part of a larger arms package to the region, that it would begin discussions with Egypt on a proposed $13 billion military aid agreement over a 10-year period. Since Egypt was already receiving approximately $1.3 billion a year in military assistance, the announcement represented no major change in U.S. aid policy toward Egypt. No such bilateral MOU on U.S. military aid to Egypt has been reached by the Bush, Obama, or Trump Administrations with the Egyptian government.

International Military Education and Training (IMET).[126] The United States offers IMET training to Egyptian officers in order to facilitate U.S.-Egyptian military cooperation over the long term.

Military Aid and Arms Sales

Overview

Since the 1979 Israeli-Egyptian Peace Treaty, the United States has provided Egypt with large amounts of military assistance. U.S. policymakers have routinely justified this aid to Egypt as an investment in regional stability, built primarily on long-running military cooperation and sustaining the treaty—principles that are supposed to be mutually reinforcing. Egypt has used U.S. military aid through the FMF to (among other things) purchase major U.S. defense systems, such as the F-16 fighter aircraft, the M1A1 Abrams battle tank, and the AH-64 Apache attack helicopter.

Frequently Asked Question: Is U.S. Military Aid Provided to Egypt as a Cash Transfer?

No. All U.S. military aid to Egypt finances the procurement of weapons systems and services *from U.S. defense contractors*.[127] The United States provides military assistance to U.S. partners and allies to help them acquire U.S. military equipment and training. Egypt is one of the main recipients of FMF, a program with a corresponding appropriations account administered by the Department of State but implemented by the Department of Defense. FMF is a grant program that enables governments to receive equipment and associated training from the U.S. government or to access equipment directly through U.S. commercial channels.

Most countries receiving FMF generally purchase goods and services through government-to-government contracts, also known as Foreign Military Sales (FMS). According to the Government Accountability Office, "under this procurement channel, the U.S. government buys the desired item on behalf of the foreign country (Egypt), generally employing the same criteria as if the item were being procured for the U.S. military." The vast majority of what Egypt purchases from the United States is conducted through the FMS program funded by FMF. Egypt uses few of its own national funds for U.S. military equipment purchases.

Under Section 36(b) of the Arms Export Control Act (AECA), Congress must be formally notified 30 calendar days before the Administration can take the final steps of a government-to-government foreign military sale of major U.S.-origin defense equipment valued at $14 million or more, defense articles or services valued at $50 million or more, or design and construction services valued at $200 million or more. In practice pre-notifications to congressional committees of jurisdiction occur, and proposed arms sales generally do not proceed to the public official notification stage until issues of potential concern to key committees have been resolved.

Special Military Assistance Benefits for Egypt

In addition to substantial amounts of annual U.S. military assistance, Egypt has benefited from certain aid provisions that have been available to only a few other countries, listed below.

[126] Egypt also receives, though not consistently, relatively small sums from the Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR) account and the International Narcotics Control and Law Enforcement (INCLE) account. NADR funds support counterterrorism training through the Antiterrorism Assistance Program. INCLE funds support police training and respect for human rights in law enforcement. The Administration typically requests these funds, but they are not usually specifically earmarked for Egypt (or for most other countries) in legislation. After the passage of a foreign operations appropriations bill, federal agencies such as the State Department and the U.S. Agency for International Development (USAID) allocate funds to Egypt from these aid accounts. They then submit a country allocation report (653a Report) to Congress for review.

[127] For the relevant legal authorities, see §604 of the Foreign Assistance Act as amended (22 U.S.C. 2354) and §503 of the Foreign Assistance Act as amended (22 U.S.C. 2311).

- **Early Disbursal and Interest-Bearing Account**: Between FY2001 and FY2011, Congress granted Egypt early disbursement of FMF funds (within 30 days of the enactment of appropriations legislation) to an interest-bearing account at the Federal Reserve Bank of New York.[128] Interest accrued from the rapid disbursement of aid has allowed Egypt to receive additional funding for the purchase of U.S.-origin equipment. In FY2012, Congress began to condition the obligation of FMF, requiring the Administration to certify certain conditions had been met before releasing FMF funds, thereby eliminating their automatic early disbursal. However, Congress has permitted Egypt to continue to earn interest on FMF funds already deposited in the Federal Reserve Bank of New York.
- **The Excess Defense Articles (EDA) program** provides one means by which the United States can advance foreign policy objectives—assisting friendly and allied nations through provision of equipment in excess of the requirements of its own defense forces. The Defense Security Cooperation Agency (DSCA) manages the EDA program, which enables the United States to reduce its inventory of outdated equipment by providing friendly countries with necessary supplies at either reduced rates or no charge. As a designated "major non-NATO ally," Egypt is eligible to receive EDA under Section 516 of the Foreign Assistance Act and Section 23(a) of the Arms Export Control Act.

[128] By law, Egypt and Israel are permitted to earn interest on congressionally appropriated Foreign Military Financing (FMF). During the late 1990s, the Clinton Administration (especially the U.S. Defense Department) and the Egyptian government sought to increase U.S. military aid to Egypt. One proposal had been to grant Egypt a benefit already enjoyed by Israel—the use of an interest-bearing account in which unspent FMF funds can accumulate interest to be used for future purchases. During Senate consideration of legislation to provide Egypt access to an interest-bearing account, Sen. Mitch McConnell remarked that "In the State Department briefing justifying the request, U.S. officials urged our support because of Mubarak's need to address the requirements of 'his key constituents, the military.' Frankly, I think Mr. Mubarak needs to worry less about satisfying the military and spend more time and effort shoring up democratic institutions and civic society." See Congressional Record-Senate, S5508, June 21, 2000. In October 2000, Congress passed P.L. 106-280, the Security Assistance Act of 2000, which authorized FY2001 FMF funds for Egypt to be disbursed to an interest-bearing account in the Federal Reserve Bank of New York. The law required that none of the interest accrued by such account should be obligated unless first notified to relevant congressional appropriations and oversight committees. In November 2000, Congress passed P.L. 106-429, the FY2001 Foreign Operations Appropriations Act, which included an interest-bearing account for Egypt in appropriations legislation. Since then, this provision has remained in annual appropriations legislation, most recently in P.L. 114-113, the Consolidated Appropriations Act, 2016.

Figure A-1. The Military Aid "Pipeline"

Source: Information from Defense Security Cooperation Agency. Graphic created by CRS.

Economic Aid

Overview

Over the past two decades, U.S. economic aid to Egypt has been significantly reduced. Beginning in the mid to late 1990s, as Egypt moved from being an impoverished country to a lower-middle-income economy,[129] the United States and Egypt began to rethink the assistance relationship, emphasizing "trade not aid."[130] Congress began to scale back economic aid both to Egypt and Israel due to a 10-year agreement reached between the United States and Israel in the late 1990s known as the "Glide Path Agreement," which gradually reduced U.S. economic aid to Egypt to $400 million by 2008.[131] U.S. economic aid to Egypt stood at $200 million per year by the end of the George W. Bush Administration, whose relations with then-President Hosni Mubarak

[129] See World Bank historic data at: https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups

[130] Ahmed Galal, Robert Z. Lawrence (editors), *Building Bridges: An Egypt-U.S. Free Trade Agreement*, Brookings Institution Press, 1998.

[131] In January 1998, Israeli officials, sensing that their economic growth had obviated the need for that type of U.S. aid at a time when Congress sought to reduce foreign assistance expenditures, 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, Congress reduced ESF aid to Egypt from $815 million in FY1998 to $411 million in FY2008.

suffered[132] over the latter's reaction to the Administration's democracy agenda in the Arab world.[133]

During the final years of the Obama Administration, wariness of U.S. democracy promotion assistance led the Egyptian government to obstruct many U.S.-funded economic assistance programs.[134] According to the Government Accountability Office (GAO), the Department of State and the U.S. Agency for International Development (USAID) reported hundreds of millions of dollars ($460 million as of 2015) in unobligated prior year ESF funding.[135] These growing unobligated balances created pressure on the Obama Administration to reobligate ESF funds for other purposes. In 2016, the Obama Administration notified Congress that it was reprogramming for other purposes $108 million of ESF that had been appropriated for Egypt in FY2015 but remained unobligated. The Administration claimed that its actions were due to "continued government of Egypt process delays that have impeded the effective implementation of several programs."[136] In 2017, the Trump Administration also reprogrammed FY2016 ESF for Egypt.

U.S. economic aid to Egypt is divided into two components: (1) USAID-managed programs (public health, education, economic development, democracy and governance); and (2) the U.S.-Egyptian Enterprise Fund.[137] Both are funded primarily through the Economic Support Fund (ESF) appropriations account.

Table A-1. U.S. Foreign Assistance to Egypt: 1946-2020

(calculated in historical dollars—not adjusted for inflation)

Year	Military	Economic	Annual Total
1946	n/a	$9,600,000	$9,600,000
1948	n/a	$1,400,000	$1,400,000
1951	n/a	$100,000	$100,000
1952	n/a	$1,200,000	$1,200,000
1953	n/a	$12,900,000	$12,900,000
1954	n/a	$4,000,000	$4,000,000
1955	n/a	$66,300,000	$66,300,000
1956	n/a	$33,300,000	$33,300,000
1957	n/a	$1,000,000	$1,000,000
1958	n/a	$601,000	$601,000
1959	n/a	$44,800,000	$44,800,000
1960	n/a	$65,900,000	$65,900,000
1961	n/a	$73,500,000	$73,500,000

[132] See, Helene Cooper, "With Egypt, Diplomatic Words Often Fail," *New York Times*, January 29, 2011.

[133] The George W. Bush Administration requested that Congress cut ESF aid by half in FY2009 to $200 million. Congress appropriated the President's request.

[134] House Foreign Affairs Committee, hearing entitled, "Egypt: Challenges and Opportunities for U.S. Policy," Prepared Statement by Amy Hawthorne, Project on Middle East Democracy, June 15, 2016.

[135] EGYPT: U.S. Government Should Examine Options for Using Unobligated Funds and Evaluating Security Assistance Programs, GAO-15-259: Published: February 11, 2015. Publicly Released: March 12, 2015.

[136] "US Shifts Egypt Aid to Other Countries," *Al Monitor*, October 16, 2016.

[137] "Here's One U.S. - Egypt Success Story," *Washington Post*, April 5, 2019.

Year	Military	Economic	Annual Total
1962	n/a	$200,500,000	$200,500,000
1963	n/a	$146,700,000	$146,700,000
1964	n/a	$95,500,000	$95,500,000
1965	n/a	$97,600,000	$97,600,000
1966	n/a	$27,600,000	$27,600,000
1967	n/a	$12,600,000	$12,600,000
1972	n/a	$1,500,000	$1,500,000
1973	n/a	$800,000	$800,000
1974	n/a	$21,300,000	$21,300,000
1975	n/a	$370,100,000	$370,100,000
1976	n/a	$464,300,000	$464,300,000
1976tq	*n/a*	*$552,501,000*	*$552,501,000*
1977	n/a	$907,752,000	$907,752,000
1978	$183,000	$943,029,000	$943,212,000
1979	$1,500,379,000	$1,088,095,000	$2,588,474,000
1980	$848,000	$1,166,423,000	$1,167,271,000
1981	$550,720,000	$1,130,449,000	$1,681,169,000
1982	$902,315,000	$1,064,936,000	$1,967,251,000
1983	$1,326,778,000	$1,005,064,000	$2,331,842,000
1984	$1,366,458,000	$1,104,137,000	$2,470,595,000
1985	$1,176,398,000	$1,292,008,000	$2,468,406,000
1986	$1,245,741,000	$1,293,293,000	$2,539,034,000
1987	$1,301,696,000	$1,015,179,000	$2,316,875,000
1988	$1,301,477,000	$873,446,000	$2,174,923,000
1989	$1,301,484,000	$968,187,000	$2,269,671,000
1990	$1,295,919,000	$1,093,358,000	$2,389,277,000
1991	$1,301,798,000	$998,011,000	$2,299,809,000
1992	$1,301,518,000	$933,320,000	$2,234,838,000
1993	$1,302,299,892	$753,532,569	$2,055,832,461
1994	$1,329,014,520	$615,278,400	$1,944,292,920
1995	$1,342,039,999	$975,881,584	$2,317,921,583
1996	$1,373,872,023	$824,526,772	$2,198,398,795
1997	$1,304,889,154	$811,229,175	$2,116,118,329
1998	$1,303,343,750	$833,244,554	$2,136,588,304
1999	$1,351,905,310	$862,062,972	$2,213,968,282
2000	$1,333,685,882	$742,458,662	$2,076,144,544
2001	$1,299,709,358	$393,734,896	$1,693,444,254

Year	Military	Economic	Annual Total
2002	$1,301,367,000	$1,046,193,773	$2,347,560,773
2003	$1,304,073,715	$646,856,657	$1,950,930,372
2004	$1,318,119,661	$720,241,711	$2,038,361,372
2005	$1,294,700,384	$495,849,549	$1,790,549,933
2006	$1,301,512,728	$351,242,865	$1,652,755,593
2007	$1,305,235,109	$737,348,766	$2,042,583,875
2008	$1,294,902,533	$314,498,953	$1,609,401,486
2009	$1,301,332,000	$688,533,320	$1,989,865,320
2010	$1,301,900,000	$301,154,735	$1,603,054,735
2011	$1,298,779,449	$240,529,294	$1,539,308,743
2012	$1,302,233,562	$90,260,725	$1,392,494,287
2013	$1,239,659,511	$330,576,763	$1,570,236,274
2014	$300.000	$179,300,000	$179,600.000
2015	$1,345,091,943	$222,200,000	$1,567,291,943
2016	$1,105,882,379	$133,300,000	$1,239,182,379
2017	$1,302,300,000	$173,200,000	$1,475,500.000
2018	$1,306,800,000	$233,700,000	$1,540,500.000
2019	$1,306,800,000	$112,500,000	$1,419,300.000
2020	$1,300,000,000	$125,000,000	$1,425,000,000
Totals	**$51,045,162.162**	**$33,136,725.695**	**$84,181,887.860**

Source: U.S. Overseas Loans and Grants, Obligations and Loan Authorizations, July 1, 1945-September 30, 2018, and Congressional Budget Justifications (FY2019-FY2021).

Note: This chart does not account for the repurposing of assistance funds which had been previously obligated for Egypt. Total numbers may be slightly higher than official sources since there is a time delay in government agency reporting of obligated funds. It is unclear why FY2014 military assistance funds are significantly lower than previous years.

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