



Egypt: Background and U.S. Relations

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Summary

This report provides an overview of U.S.-Egyptian relations, Egyptian politics, and U.S. foreign aid to Egypt. Major public unrest transpiring in Egypt and elsewhere in the Arab world in late January 2011 raises challenging policy questions for the United States government and the 112th Congress. U.S. policy toward Egypt has long been framed as an investment in regional stability, built primarily on long-running military cooperation and sustaining the March 1979 Egyptian-Israeli peace treaty. Successive U.S. Administrations have viewed Egypt's government as a moderating influence in the Middle East. At the same time, there have been increasing U.S. calls for Egypt to democratize. In recent years, congressional views of U.S.-Egyptian relations have varied. Many lawmakers have viewed Egypt as a stabilizing regional force, but some members have argued for the United States to pressure Egypt's government to implement political reforms, improve human rights, and take a more active role in reducing Arab-Israeli tensions. Those concerns, in addition to economic frustration, are now driving the most significant public unrest in Egypt in a generation. The Obama Administration has called on the Egyptian government to respect the basic rights of protestors and has expressed concern about violence.

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

Prior to the recent unrest, Egyptian politics were already focused on the possibility of a leadership transition in the near future, and the 112th Congress may decide to express and support a U.S. desire for a more democratic government that preserves human rights and religious freedom for all citizens. In November and December 2010 parliamentary elections in Egypt, just one Muslim Brotherhood independent won a seat, and the ruling National Democratic Party won over 90% of all seats (as opposed to slightly less than 80% in the last parliament). Some analysts have criticized the Obama Administration for limiting public criticism of the Egyptian government. Others assert that U.S. democracy assistance funding has been largely ineffective and that U.S. assistance should seek to improve the lives of average Egyptians. Some critics of U.S. policy believe that U.S. aid should be conditioned on human rights and religious freedom improvements.

On January 28, Secretary of State Hillary Rodham Clinton stated that "We are deeply concerned about the use of violence by Egyptian police and security forces against protestors, and we call on the Egyptian government to do everything in its power to restrain the security forces. At the same time, protestors should also refrain from violence and express themselves peacefully. As we have repeatedly said, we support the universal human rights of the Egyptian people, including the right to freedom of expression, of association, and of assembly." Reconciling those principles with current developments is now the major challenge for U.S.-Egyptian relations.

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Latest Developments

- **President Mubarak Dissolves the Government**—In a televised speech to the nation on January 28, 2011, President Mubarak was defiant in tone, insisting that protestors end the violence saying “there will be no democracy if we allow chaos.” He then announced that he was dissolving his government in order to address the needs of the protestors. Earlier in the day, the White House announced that the Administration would review U.S. aid to Egypt “based on events that take place in the coming days.”
- **Major Public Protests**—On January 25, 2011, tens of thousands of Egyptians marched in the streets against the government of Hosni Mubarak. Protestors charged police barricades and tore down posters of President Mubarak. On January 28, the nation-wide rioting continued and, in response, the government jammed mobile phone and Internet use throughout the protests. Police beat protests and fired water cannons to beat back crowds. Through January 27, 3 protestors had been killed, though there may be several other casualties unreported from more severe confrontations on January 28.
- **Alexandria Church Bombing**—On January 1, 2011, a suicide bomber detonated explosives outside the Al Qiddissin (Two Saints) church in Alexandria, Egypt, killing 21 people and injuring many more. On January 23, 2011, Egyptian authorities accused a Palestinian militant group in Gaza, known as the Army of Islam, of perpetrating the suicide bombing.
- **U.S. Statement on Parliamentary Elections**—On November 29, 2010, the U.S. State Department issued a press release on Egypt’s parliamentary elections after the first round of voting. According to the statement, the Obama Administration is “disappointed by reports in the pre-election period of disruption of campaign activities of opposition candidates and arrests of their supporters, as well as denial of access to the media for some opposition voices.” The press release also stated that the Administration looks forward to “continuing to work with the Egyptian government and with Egypt’s vibrant civil society to help them achieve their political, social, and economic aspirations.” On December 18, the *Washington Post* published an op-ed by Assistant Secretary of State for the Bureau of Democracy, Human Rights, and Labor Michael H. Posner who encouraged the Egyptian government to make the September 2011 presidential elections transparent, free, and fair.
- **Parliamentary Elections**—In the November and December 2010 election for the People’s Assembly (the lower house), the ruling NDP party won 420 out of 504 total seats available. In addition, another 68 elected independents and presidentially appointed representatives are expected to vote with the NDP bloc, giving the ruling party 96% of the seats in the lower house. The Muslim Brotherhood, which had 88 seats in the last Assembly, did not win a single seat in the first round of voting and chose to boycott the second round (one Brotherhood candidate won in a run-off). Overall, the vote was marred by allegations of government fraud and abuse, though estimates of the turnout are low (25% or lower), and there was little public protest against the NDP’s overwhelming victory. Most importantly, because the Egyptian constitution requires that an

independent candidate for president obtain the signatures of 250 elected officials, including 65 from the lower house of parliament, it seems highly unlikely that any non-NDP candidate could meet this threshold under the existing power structure in the People's Assembly.

Issues for Congress

Is Egypt Next? Reverberations from Tunisia's Revolution

The Tunisian people's popular ousting of President Zine El Abidine Ben Ali in mid-January 2011 sparked immediate speculation that a popular revolution could soon occur in Egypt and other countries in the Arab world. Indeed, between December 2010 and January 2011, an unusual degree of popular protests have taken place in other Arab states such as Algeria, Jordan, and Yemen. Rising political tension in Egypt over the last year associated with a disputed parliamentary election, sectarian tensions between Coptic Christians and Muslims, and widely publicized cases of police abuse contributed to the atmosphere of speculation. On January 25, 2011, Egypt experienced a national day of "revolt," an event that witnessed tens of thousands of Egyptians marching in the streets against the government of Hosni Mubarak. To date, six Egyptians have set themselves on fire, an act designed to imitate the self-immolation of 26-year-old Tunisian Mohammad Bouazizi, whose act served as the catalyst for Tunisia's so-called Jasmine Revolution. Like Tunisia, Egypt has high youth unemployment and underemployment, an autocratic political system dominated by a single family and its allies, and rampant corruption. Egyptian authorities have attempted to quell the unrest. The government has blocked the use of Twitter and other social media web sites, and government-controlled media have emphasized the chaotic nature of Tunisia's riots, showing, according to one observer, "images of theft, police brutality, and sabotage. The message was clear: revolutions can get messy, so don't bother."¹

Some analysts suggest that while Egyptian popular anger is palpable and the opposition has been emboldened by events in Tunisia, the regime is better equipped to weather the popular storm. Despite its small size, Tunisia has a higher proportion of well-educated aspiring middle class workers than Egypt, as the government invested heavily in education (7.2% of GDP compared to 3.8% in Egypt).² In addition, even critics of the Egyptian government acknowledge that while the government limits free speech and assembly, the media environment in Egypt is far more open than it had been in Tunisia during Ben Ali's more than 20-year reign. According to Egypt's Finance Minister Youssef Boutros-Ghali, "Egyptians setting themselves on fire would not spark a revolution.... It's an attempt to imitate things that won't happen in Egypt."

On January 28, youth protestors using social media to reorganize demonstrations launched a new set of public protests after Friday prayers. The scale of the nation-wide protests is unprecedented, and many age-old assumptions on the impotence of the Egyptian people to fight back against government repression and corruption are being shattered. The Muslim Brotherhood has joined the youth-led demonstrations. Nobel peace laureate and former International Atomic Energy Agency director general Dr. Mohamed ElBaradei returned to Egypt from Vienna, Austria on

¹ "After Tunisia, Is Egypt Next?," *The Atlantic*, January 17, 2011.

² See the Central Intelligence Agency's World Factbook available online at <https://www.cia.gov/library/publications/the-world-factbook/index.html>.

January 27 to join protestors, though some reports suggested he was detained on January 28 by authorities in an attempt to keep prominent opposition figures away from what has been a largely leaderless protest movement. Police forces have battled demonstrators, and reports suggest that violence has escalated throughout Friday. As night fell on Cairo, the military reportedly was deploying to enforce an overnight nationwide curfew. It is unclear how the military might respond to continued mass unrest. The implications of the military's deployment for continued U.S. military assistance may be subject to debate in the 112th Congress.

Looking forward, the scale of the protests in January 2011 raises questions about the planned presidential election later this year, as well as about whether Gamal Mubarak will be able to succeed his father; an assumption many observers had believed until now. Questions abound over whether or not the military, given the depth of unrest, would allow a scenario of hereditary succession to transpire.

Presidential Succession: Who Will Follow Hosni Mubarak?

Since power in the Egyptian political system is highly concentrated in the office of the president and his cabinet, the issue of who will succeed President Hosni Mubarak is critical not just for the Egyptian people, but for Egypt's relations with the international community and especially with the United States. Since Mubarak has never personally named a successor and has kept the vice president's office vacant, the issue of presidential succession has been opaque to Egyptians and foreign observers alike for a decade, perhaps deliberately so. Nevertheless, Mubarak's health problems in the spring of 2010 led many to speculate that a possible changing of the guard was imminent. While that did not materialize and his health has since improved, presidential elections set for September 2011 and the unrest in the wake of Tunisia's popular revolution have thrust the issue back into the limelight.

For some U.S. policymakers, there is a desire to see an orderly, legal, and transparent transfer of power in which the incoming president maintains support for key U.S. goals: Egypt's peace with Israel, U.S. access to the Suez Canal, and general bilateral military cooperation. Others see a possible transition as an opportunity to change the trajectory of Egyptian politics away from a military dictatorship/oligarchy and toward a genuine democracy even if it empowers the Muslim Brotherhood. While many analysts find the latter's prospect highly unlikely due to the coercive power of the Egyptian security services and their desire to maintain the status quo, democracy advocates would like to see the United States vocally support a genuine free and fair presidential election in which all opposition groups are fairly represented.

Figure 1. Map of Egypt



Managing Egypt's Leadership Transition

The Legal Framework

Based on a series of constitutional amendments enacted in the last few years, ruling elites have worked to establish the veneer of a legal framework to facilitate a smooth transition of power, despite claims by the opposition that the amendments are illegitimate. For potential presidential candidates not from the ruling National Democratic Party (NDP), Egyptian law sets a high bar for establishing eligibility to run. For example, amended Article 76 states that for any candidate to run for president, he or she has to gain the approval of 250 members of elected assemblies and municipalities, including, among other signatures, 25 members of the Shura Council (upper

house), which is almost entirely composed of pro-ruling party members. In addition, a candidate must be a member of a political party's higher board for at least one year.³ Parties that have had at least one member in either house of parliament since May 1, 2007 are eligible to nominate a candidate for the presidency until 2017. Finally, all parties that nominate a candidate must have been legally operating for at least five consecutive years before the starting date of candidature.

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

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

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

The next presidential election is scheduled for September 2011. In December 2010, Gamal Mubarak, the President's son and head of the NDP Policies Committee, announced that the NDP will name its candidate for president 60 days before the scheduled presidential election.

The Contenders

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

³ However, an NDP member not in the party's leadership council could run as an independent if the party's representatives in government endorsed such a figure.

President Hosni Mubarak—There are no term limits in Egypt’s Constitution restricting the right of President Mubarak to stand for reelection and, should his health remain stable, many observers believe that he will run again, fulfilling his own pledge to “serve until the last breath in my lungs, and the last beat of my heart.” Nevertheless, the President has given no public indication of his intentions to run for a sixth term in 2011, nor has he appointed a vice president. This cloud of uncertainty surrounding his decision making may be deliberate. It preserves his authority while he remains in office. It also creates the possibility of a *fait accompli* for his designated successor should his health seriously deteriorate. Perhaps the biggest unknown is whether or not President Mubarak has designated his successor to an inner circle of military and NDP party leaders who will loyally carry out his wishes after he is gone.

Gamal Mubarak—Gamal Mubarak, the president’s 47-year-old son, is, according to most experts, the overwhelming NDP favorite to follow his father. Over the last decade, the younger Mubarak has had a meteoric rise to the highest levels of the NDP, suggesting to many observers that his accession to the presidency may be imminent. Gamal Mubarak is already deputy/assistant secretary general of the NDP party, and was appointed to the NDP’s new 50-member Supreme Council, which will choose the party’s presidential candidate. Many observers assert that changes to Egypt’s Constitution directly correlate to Gamal Mubarak’s rising political profile and that they pave the way for his ascent to the presidency. Despite lacking an official position in the government, Gamal Mubarak has accompanied his father on at least two official visits to Washington, D.C., most recently in September 2010 at the start of Israeli-Palestinian peace talks.

At a Glance: Egyptian President Hosni Mubarak

At age 82, President Hosni Mubarak has ruled for 29 years since ascending to presidency in 1981 after the assassination of Anwar Sadat. The following is a summary of his recent health issues:

2003 – During a speech to parliament, Mubarak reportedly collapsed from what officials described as either the flu, effects of taking certain medication, fatigue from fasting during Ramadan, or a drop in blood pressure due to a cold. He then returned to the podium an hour later.

2004 – Mubarak undergoes surgery for a slipped disc at a hospital in Munich, Germany. Mubarak delegated executive powers to then prime minister Atef Ebeid.

2009 – In May, the Mubarak family suffered a tragedy when the President’s 12-year-old grandson died of an undisclosed illness. Observers suggested that the loss of his grandson took a heavy toll on Mubarak’s health.

2010 – President Mubarak’s undergoes surgery in Germany. He remained there for three weeks in recovery. Mubarak designed executive authority to Prime Minister Ahmed Nazif.

Most observers suggest that Gamal’s strength, aside from having the right last name, is that he symbolizes Egyptian corporate elites’ vision of economic development. Gamal appears particularly comfortable touting the benefits of economic reform and, over the last decade, the Egyptian cabinet has featured several of Gamal’s political allies who have attempted to spur macroeconomic growth, with some success. With Egypt at peace with Israel and having defeated Islamist insurgent groups in the late 1990s, a considerable number of businessmen would like to see a leader, such as Gamal Mubarak, who symbolizes private sector growth rather than the military. The Coptic Church leadership also is reportedly a major backer of Gamal’s candidacy, believing that Gamal will continue his father’s policy of supporting church autonomy in exchange for the loyalty of the Coptic Pope and his disciples.⁴

On the other hand, Gamal Mubarak’s lack of military experience may hinder his candidacy in the eyes of old guard politicians/military leaders. The armed forces and intelligence services, though

⁴ Oxford Analytica, *EGYPT: Pope Shenouda could play key role in succession*, October 7, 2010.

they are less politically visible than in years past, still hold the levers of power in Egyptian politics, and they most likely will back a leader who represents their interests as well. Furthermore, the idea of hereditary succession may be distasteful to Egyptian officers who still believe in the 1952 Free Officers “revolution” which overthrew the monarchy and established the modern republic.

Some analysts suggest that the defense/internal security establishment’s confidence in Gamal’s leadership is uncertain. According to one Israeli academic, “It is possible that [President Mubarak] has so far avoided declaring his support for Gamal’s candidacy due to uncertainty concerning the support of security top brass. In such a situation, Hosni Mubarak might opt to run for another term.”⁵ In a recent *New York Times* article on succession, military officials and retired officers expressed reservations over Gamal Mubarak and said that “the military would not support his candidacy without ironclad guarantees that it would retain its pre-eminent position in the nation’s affairs.”⁶ Others suggest that President Mubarak has quietly secured high-level support for Gamal Mubarak in the military, intelligence, and Ministry of Interior forces and forced out possible opponents of Gamal’s succession.

In the summer of 2010, amid rumors of President Mubarak’s ailing health, some NDP figures reportedly backed a pre-campaign movement in support of Gamal Mubarak’s candidacy. Dubbed the “Popular Coalition/Campaign for the Support of Gamal Mubarak,” the initiative has received attention for posting campaign posters in poor Cairo neighborhoods with such slogans as, “Gamal Mubarak: dream/hope of the poor,” “Egypt is calling on you,” and “Gamal Mubarak: a new beginning for Egypt.” Ironically, the campaign coordinator is Magdy el Kordy, a former opposition leader of the leftist Al Tagammu (Rally) party. According to Mustapha Kamal, a political science professor at Cairo University, “I think this campaign began at the proposal of some businessmen who fear a deterioration in President Mubarak’s health and believe that it is better to quicken Gamal’s succession while his father is around.”⁷ Slogans among tens of thousands of protestors on the street in January 2011 called for Gamal and his family to step down and flee the country.

Omar Suleiman—Unless a new figure comes to light in the next year, analysts have speculated that the only other viable candidate for the presidency is Egyptian intelligence chief Omar Suleiman. However, at age 75, it is unlikely that Suleiman, should he become president, would rule for a long period of time. Furthermore, as head of Egypt’s General Intelligence Service (GIS), Suleiman would need to retire from military service since active-duty military officers are not allowed membership in political parties.⁸ In addition, if Suleiman desired party sponsorship, he would need to be a member of a party’s supreme council for at least one year before the election. Suleiman is currently engaged in a number of sensitive diplomatic operations and is one of President Mubarak’s closest confidants, making his departure from military service unlikely.

Suleiman’s relationship with Gamal Mubarak is the subject of intense speculation by observers of Egyptian politics. Some suggest that in the event Gamal Mubarak becomes president, Omar

⁵ Yoram Meital, “Approaching the End of the Mubarak Era: Egypt’s Achievements and Challenges,” *Institute for National Security Studies, Strategic Survey for Israel 2010—Shlomo Brom and Anat Kurz, Editors*, 2010.

⁶ “Succession Gives Army A Stiff Test In Egypt,” *New York Times*, September 11, 2010.

⁷ “Is he running? Mystery surrounds Mubarak Jr ‘presidency bid’,” *Agence France Presse*, August 20, 2010.

⁸ Others suggest that Omar Suleiman has not been an “active duty” officer since 1984 and that if he was determined to serve as a candidate, he would overcome the legal technicalities barring his candidacy.

Suleiman would serve as his unofficial tutor and assist in military and intelligence matters. Supporters of this theory note that back in 2007, Suleiman served as the official witness at Gamal's wedding, displaying his loyalty to the Mubarak family.⁹ According to one close associate of Gamal Mubarak, Mohammad Kamal (Hosni Mubarak's former campaign manager), "Is Omar Suleiman powerful? Yes he is. Does he have a strong say in politics? Yes.... But any talk about Omar Suleiman drafting domestic policy or competing for power is pure exaggeration and fiction."¹⁰ Others posit that should Hosni Mubarak pass away while in office, Omar Suleiman's loyalties to Gamal would dissipate, and many in the military and intelligence community would support him.

Ahmed Shafiq – 69-year-old Ahmed Shafiq, the current Minister of Aviation and former Air Force Commander, is considered a long shot candidate. Observers are intrigued over the speculation surrounding his potential candidacy due to his background as a military officer who successfully transitioned to the private sector, a profile that epitomizes the modern Egyptian leader. Shafiq is largely credited with revitalizing Egypt Air and expanding Cairo international airport. He also served in the Air Force under Hosni Mubarak's command and reportedly is close to the Mubarak family. According to one unnamed source, "Shafiq has a good reputation. He's tough, honest, and low-key.... His name is definitely out there."¹¹

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

The Opposition

For many Egyptians, young or old, educated or uneducated, urban or rural, and secular or religious, there is widespread opposition to the concept of hereditary dictatorship.¹² Until the protests of January 2011, there was little way of quantifying the depth of this opposition or assessing the willingness of activists to protest against it, should such a scenario come to pass. Now, it is clear. Many Egyptians want President Mubarak to leave office and his son not to inherit power. Popular protests against Gamal Mubarak and a familial succession have transpired for nearly a decade, and opposition movements have been formed solely to thwart such a transition from occurring. To his opponents, Gamal Mubarak is the ultimate symbol of Egyptian corruption, corporate greed, and growing wealth imbalance between workers and private sector elites.

⁹ "And as a wedding gift from Dad, Egypt's presidency?," *Los Angeles Times*, May 5, 2007.

¹⁰ "Powerful Egyptian Spy Chief No Longer Behind the Scenes," *Los Angeles Times*, February 8, 2005.

¹¹ "New Contender Emerges in Egypt," *Wall Street Journal*, December 10, 2010.

¹² When speaking of a father to son succession, Egyptians use the term *tawarith al sulta*, translated as "inheritance of power."

Until the riots of January 2011, many observers believed that the Egyptian opposition was fractured and feckless and easily manipulated by pro-government forces backed by the veil of physical force.¹³ As has been the case for many years, the Muslim Brotherhood, a political, religious, charitable, and educational group that has been banned as a political party since 1954, remains the only well-organized opposition movement in Egypt today. Other political parties (Wafd and Ayman Nour's Al Ghad party – now banned), labor demonstrations, secular protest movements (Kefaya, April 6th), and spontaneous demonstrations organized through online social networks all exist in the sphere of opposition politics, but, until January 2011, no single issue or event was able to unite them against the primary institutions of Egyptian rule, President Mubarak, the NDP party, NDP-affiliated businessmen, and the security forces.

Despite more international attention to Egyptian politics in the last decade, widespread assumptions held that the apparent political apathy permeating Egyptian society would prevent the kind of mass mobilization capable of bringing about change. These assumptions have been brought into question by recent events. As recently as June 2010, Mohamed Sherdy, a high-level member of the opposition Wafd party, argued that "The people now brand [opposition parties] as part of the same political charade.... We're all facing the same problems, and we all committed the same mistakes—which is partially losing touch and partially losing hope."¹⁴ Similarly, Steven Cook, an Egypt specialist at the Council on Foreign Relations, suggested in July 2010 that

"There is a curious tendency for some reform-minded young professionals to throw their lot in with the regime, despite a professed desire for a fundamental transformation of Egyptian politics and society. Protestations abound about the desire to effect change from working within the state apparatus, but reality is that the Egyptian regime manifests a powerful system of reward and punishment that encourages a measure of political conformity for those not willing to take their risks with Egypt's vaunted internal security services."¹⁵

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

¹³ Though periodically Egyptian secular and Islamist (Muslim Brotherhood) opposition groups/political parties unite to protest government repression. According to the Economist Intelligence Unit, "In the 1984 parliamentary election the Brotherhood won 15% of the vote in an alliance with the Wafd Party and in 1987 it campaigned with the Labour and Liberal parties under the slogan 'Islam is the Solution'. Although the names of such political parties suggest a secular liberal ideology, Islam still offers a common ground to unite the small opposition parties. However, such alliances have tended to be temporary and ineffectual in the long term." See, "A Potential Coalition of Opposition Leaders Emerges," *EIU Egypt Country Report*, January 1, 2011.

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

¹⁵ "Can Egypt Change?: Political Institutions Need Reform," *foreignpolicy.com*, July 22, 2010.

private sectors to keep pace.¹⁶ Unemployment and underemployment remain high, as about 50% of males and 90% of females remain jobless two years after graduating college.¹⁷

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

“By and large, though, poor Egyptians grumble surprisingly little. There are some positive reasons for their forbearance. Strong bonds among extended families, neighborly solidarity and the Muslim tradition of charity support many of the needy. Egypt has very low crime rates, and it is the poorest who feel most secure in their homes. With their street life and intimacy under year-round sunshine, Egypt’s slums are often less grim than those in other countries. Sociologists have long noted the knack of Egypt’s poor to appropriate things they lack, such as space and freedom, by nimbly skirting the rules. Egypt may be chaotic, but it is often joyfully so. However, there are also less attractive reasons for public passivity. One of them is fear. Corporal punishment and physical violence persist in Egyptian homes and schools and, most notoriously, in police custody.... All of this provides another reason why so many Egyptians have, for so long, shied away from voicing complaints. In their experience no one is likely to listen unless they are a relative, a friend, or amenable to a bribe. In theory citizens are represented by their MPs, but all too many people enter parliament for perks such as immunity from prosecution. Litigation is possible but unattractive because the courts are slow, capricious and open to corruption.”¹⁸

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

Since returning to Egypt in February 2010 after a 27-year absence, ElBaradei has formed a new political organization called the National Association for Change. He has allied his organization with the Muslim Brotherhood, though the latter rejected his call for a boycott of the 2010 parliamentary elections. In January 2011, ElBaradei called for a boycott of the 2011 presidential election, stating that “According to these rules, only five people—out of some 85 million Egyptians—can qualify to stand in elections.... It would be better if the president appointed his own successor...than to subject the Egyptian people to the “farce” of elections.”¹⁹

¹⁶ “Egypt Economy: Demographic Profile,” *EIU ViewsWire*, July 7, 2010.

¹⁷ “Mubarak and Son Limited,” *Africa Confidential*, January 7, 2011.

¹⁸ “No Paradise,” *The Economist*, July 17, 2010.

¹⁹ Open Source Center, “Egypt: ElBaradei Calls For Boycott of Presidential Election,” *Al-Masry Al-Youm Online*, January 9, 2011, Document ID# GMP20110110839002.

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

Since 2007, Hamas, the Palestinian-Islamist terrorist group/political party, has controlled the Gaza Strip, and Israel and Egypt, in order to keep Hamas contained and isolated, have generally sealed Gaza's land and sea borders. However, Palestinians in Gaza and Sinai Bedouin Arabs in Egypt have used and expanded a decades-old network of underground tunnels beneath the Gaza-Egypt border to smuggle Iranian-supplied weapons to Hamas and other Palestinian militant groups. According to various sources, these groups receive weapons that emanate from Iran, Yemen, and elsewhere. Smugglers ship weapons up the Red Sea through Sudan and then overland through the Sinai desert until they reach tunnels in the divided town of Rafah, Egypt at the border. In December 2010, Israel's Shin Bet internal security service issued a report asserting that Iran continued to serve as Hamas's dominant supplier of weaponry throughout the past year, using smuggling routes in Sudan and Sinai to send various mortars, rockets, and anti-tank missiles to Hamas in Gaza.²⁰ Prior to the release of the report, Israel claimed that Hamas gunmen fired a Kornet anti-tank missile at an Israeli Merkava tank along the Gaza border.

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

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

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

- \$30.35 million for a Mobile Ground Surveillance Radar and Support System;
- \$16.37 million for a Coastal Border Surveillance System;
- \$8.09 million for an Electro Optical Surveillance System;

²⁰ "Iran Smuggled Hundreds of Rockets, Dozens of missiles to Gaza in 2010," *Jerusalem Post*, December 31, 2010.

- \$28.60 million for a Border Tunnel Activity and Detection System;
- \$7.23 million for a Mobile field workshop equipment and support; and
- \$25.63 million for other ground surveillance systems.²¹

Promoting Democracy in Egypt: What Is the U.S. Role?

Since the 1952 revolution, Egypt has officially been a republic, and its political system has developed some aspects of a democracy, though most observers continue to describe Egypt as an authoritarian regime dominated by a strong president, who draws his support from the ruling National Democratic Party (NDP) and the military. Under the 1971 constitution, authority is vested in an elected president who must stand for reelection every six years.²² The president appoints the cabinet, which generally drafts and submits legislation to the legislature: the People's Assembly (lower house) and the Shura Council (upper house). The People's Assembly debates legislation proposed by government ministries and calls for amendments to government-sponsored bills but rarely initiates its own bills. The Shura Council has modest legislative powers and must ratify treaties and constitutional amendments. Overall, analysts consider Egypt's legislative branch to be weak; the ruling party constitutes an overwhelming majority. Based on low voter turnout in recent elections, there is a clear lack of public confidence in the parliament.

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

Some experts believe that Egypt is already changing in profound ways due to the global spread of information technology, rising economic inequality, and demography, and that the United States needs to vocalize its support for reform regardless of its capacity to bring it about. According to Michele Dunne, senior associate at the Carnegie Endowment for International Peace, "I think that the United States should advocate democratization and greater respect for human rights for Egyptians. This does not mean that the U.S. can make these things happen in Egypt, but we should be clear that we are in favor and willing to use the influence we have to promote them."²³

Among the many reforms advocated by proponents of a more democratic Egypt, advocates would like to see: (1) the Emergency Law²⁴ abolished in line with Mubarak's 2005 campaign promise;

²¹ Information provided to CRS by the Defense Security Cooperation Agency (DSCA), January 11, 2011.

²² In 1980, the Constitution was amended to allow the president to run for an unlimited number of terms, rather than one as was stipulated in the 1971 Constitution. An English language version of the Egyptian Constitution is available at <http://www.parliament.gov.eg/EPA/en/sections.jsp?typeID=1&levelid=54&parentlevel=6&levelno=2>.

²³ "Middle East: As Egypt Cracks Down On Critics, U.S. Looks Away," *Inter Press Service*, November 8, 2010.

²⁴ Under the emergency law, the government can hold an individual for up to 30 days without charge. In May 2010, (continued...)

(2) constitutional reforms enacted to ease barriers for independent and opposition candidates to run for office; (3) judicial independence²⁵ restored by eliminating the state-controlled Supreme Judicial Council that appoints judges; (4) the Legislative branch strengthened; (5) restrictions on non-governmental organizations curtailed,²⁶ and (5) presidential term limits adopted.

Human Rights and Religious Freedom

Human Rights

As a major recipient of U.S. assistance, Egypt has been of great interest to lawmakers, some of whom believe that portions of U.S. aid should be conditioned on improvements in Egypt's human rights record. According to the U.S. State Department's *2009 Country Reports on Human Rights Practices*, "the government's respect for human rights remained poor, and serious abuses continued in many areas." The 2009 report, as in past years, documents several instances of torture allegedly carried out by Egyptian security forces. The prison system, particularly detention facilities used for incarcerating suspected Islamist radicals, has come under international scrutiny for exacerbating militancy in the region due to its tendency to harden some criminals who have been tortured over prolonged periods of time. Several of Al Qaeda's leaders, including second-in-command Ayman al Zawahiri, are former prisoners in Egyptian jails.

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

The government promulgated procedures for members of unrecognized religions, including the Baha'i faith, to obtain national identification documents and reportedly issued 17 such documents and 70 birth certificates to Baha'i during the year. The government also permitted the newly formed Real Estate Tax Collectors Union, the country's only independent labor union, to operate. For the first time in the country's history, a UN special rapporteur and an independent expert visited at the government's invitation.²⁷

In June 2010, two policemen in Alexandria murdered 28-year-old Khaled Said, who shortly before his death had posted an online video showing police officers dividing up money seized in a drugs bust. Said's head had been smashed against a marble staircase, and his killing sparked days

(...continued)

parliament approved a two-year extension of the emergency laws, which have been in place since Sadat's assassination in 1981. During his 2005 election campaign, President Mubarak pledged to introduce a number of reforms, including the elimination of the emergency laws which have been used to quell political dissent by holding people without charge for long periods and referring civilians to military courts, where they have fewer rights.

²⁵ In addition, proponents of greater judicial independence in Egypt also would like to see the restoration of judicial supervision of elections and the elimination of state security courts. Earlier versions of the Constitution required that "balloting take place under the supervision of a judicial body." Amended article 88 of the Constitution transfers the oversight of elections to a higher committee (Supreme Electoral Commission), which, although made up of some judges, removes most from direct oversight of balloting stations.

²⁶ In Egypt, NGOs are required to apply for legal status and, according to Association Law 84-2003, NGOs must be registered with the Ministry of Social Affairs. There are an estimated 16,000 registered civic organizations in Egypt. In some cases, it may take years before the ministry rules on an application, and many groups are routinely rejected. Often, no response is given to the application, leaving an organization in legal limbo. If an NGO's application is rejected, it has few legal rights and can be shut down.

²⁷ See, <http://www.state.gov/g/drl/rls/hrrpt/2009/nea/136067.htm>.

of street protest and widespread international condemnation. Under pressure, the government prosecuted the two accused police officers. The Obama Administration issued a press release on Said's killing, stating that "the United States is concerned about the death of Khaled Mohammed Said at the hands of Egyptian security forces in Alexandria on June 6th. We have been in touch with the Egyptian Government on this matter. We welcome the Government's announcement of a full investigation and we urge that it be done transparently and in a manner consistent with the serious allegations that have been made." Perhaps in a politicized attempt to demonstrate leadership, Gamal Mubarak also spoke out against Said's murder, stating "Justice must take its course.... The party insists on the accountability of any wrongdoer within the framework of justice, transparency and the rule of law."²⁸

Religious Freedom

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

- *Land disputes.* Conflicts over land ownership have triggered a number of violent incidents involving members of different religious sects, particularly in rural Upper (southern) Egypt.
- *Religious conversions.* The conversion of Copts to Islam, as well as the marriage of Coptic women to Muslim men, has been a constant irritant in Muslim-Coptic relations. Converts to Christianity in Egypt also may face bureaucratic obstacles in registering their new religious status with the government. There also is the issue of forced conversions. The 2010 State Department report states that "As in previous years, there were occasional claims of Muslim men forcing Coptic women and girls to convert to Islam. Reports of such cases were disputed and often included inflammatory allegations and categorical denials of kidnapping and rape. In November 2009 an international Christian advocacy group published a report regarding alleged cases of forced conversion; however, well-respected local human rights groups were unable to verify such cases and found it extremely difficult to determine whether compulsion was used, as most cases involved a female Copt who converted to Islam when she married a male Muslim. Reports of such cases almost never appear in the local media."²⁹
- *Church repair and construction.* Copts have consistently complained of excessive bureaucracy when repairing or building churches. For example, the 10 articles of "Humayun," or the Humayun Code, a portion of Ottoman legislation from 1856, still controls the building or repair of churches in Egypt and is a source of great aggravation to Coptic Christians. Under this law, a license is required to erect a church. In addition, there are 10 restricting conditions for the construction of churches, including a minimum distance between churches and

²⁸ "Egypt President's Son Wants Justice in Activist Death," *Reuters*, July 6, 2010.

²⁹ U.S. State Department, Bureau of Democracy, Human Rights, and Labor, *2010 Report on International Religious Freedom*, Near East and North Africa, Egypt, November 17, 2010.

between a church and the nearest mosque, as well as the absence of objection on the part of Muslim neighbors. In December 2004, President Mubarak issued a new decree that devolved church repair and reconstruction decisions to the provincial level and stipulated that churches would be permitted to proceed with rebuilding and repair without legal hindrance. However, permits for construction of new churches require a presidential decree.

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

2011 Church Bombing in Alexandria

On January 1, 2011, a suicide bomber detonated explosives outside the Al Qiddissin (Two Saints) church in Alexandria, Egypt, killing 21 people and injuring many more. Coptic worshippers were attending midnight mass at the church on New Year's Eve when a bomb was detonated near the entranceway. Authorities are investigating and no group has claimed responsibility. The attack sparked widespread Coptic protests against the government for failing to protect the community, and officials were quick to blame foreign elements. President Mubarak stated that the attack was a "terrorist operation that carries, within itself, the hallmark of foreign hands which want to turn Egypt into another scene of terrorism like elsewhere in the region and the wider world."³⁰

There is some suspicion, though unproven, that Al Qaeda in Iraq (the Islamic State of Iraq) is behind the bombing. This group has previously threatened Egyptian Copts and churches over alleged Coptic mistreatment of female converts to Islam. In July 2010, a Coptic priest's wife, Camilia Shehata, allegedly converted to Islam, and the Egyptian government allowed Coptic authorities to take Shehata, who remains in an undisclosed location under Church supervision. The Church organizes so-called "advice-giving sessions" for converts and would-be converts to other religions reportedly in order to dissuade them. The Shehata case angered Islamists and some protested outside a mosque adjacent to Al Qiddissin calling for her release.

On January 23, 2011, Egyptian authorities accused a Palestinian militant group in Gaza, known as the Army of Islam, of perpetrating the suicide bombing on January 1 in Alexandria. The Interior Minister also asserted that several Egyptians connected to the attack were in custody and had provided details about how they were recruited by the Gaza group.³¹

³⁰ "A State of Sectarian Denial," *Middle East Report Online*, January 11, 2011.

³¹ "Egypt Links Palestinians to Attack at Church," *New York Times*, January 23, 2011.

Sudan Referendum and Nile River Basin

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

Egypt fears that its share of the Nile will be curtailed by either a new southern Sudanese state or other upstream countries further south. The Nile is the lifeblood of Egypt and its main source of freshwater. The Blue Nile and White Nile converge in Sudan's capital of Khartoum. According to one Egyptian academic, "For Egypt, a threat to the Nile constitutes a threat to national security.... In the 1970s, when Ethiopia prepared to embark on river projects that infringed on Egypt's share of water, (late president Anwar) Sadat threatened to declare war in response." In late 2009, Ethiopia's prime minister, Meles Zenawi, reportedly stated publicly that Egypt cannot win a war against Ethiopia over Nile water sharing.³² The Blue Nile begins in Lake Tana in Ethiopia, where 85% of the Nile waters originate.

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

U.S.-Egyptian Relations

Though U.S.-Egyptian relations are rife with tension owing to the democracy issue and Egyptian disappointment with a perceived lack of U.S. pressure on Israel to compromise with the Palestinians, the Obama Administration has made efforts to calm the diplomatic atmosphere. Aside from the State Department's recent mild admonishment of Egypt's 2010 parliamentary elections,³³ high-level officials have largely refrained from publicly admonishing Egypt's poor

³² "Pope's Mediation Needed over Nile Tensions with Ethiopia," *Economist Intelligence Unit*, January 2011.

³³ "We are disappointed by reports in the pre-election period of disruption of campaign activities of opposition candidates and arrests of their supporters, as well as denial of access to the media for some opposition voices. We are also dismayed by reports of election-day interference and intimidation by security forces. These irregularities call into (continued...)"

human rights and democracy record. U.S. foreign assistance levels remain unchanged (the FY2011 request is \$1.55 billion, same as 2010) despite some calls from opponents of aid to Egypt to either cut or condition aid. John Holdren, Director of the White House Office of Science and Technology Policy, has said that 2011 will be the U.S.-Egypt Year of Science, celebrating U.S.-Egypt engagement in science, promoting interest among young Egyptians in science-related careers and research, and promoting digital engagement among the Egyptian science community with U.S. peers and institutions.

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

U.S. Foreign Assistance to Egypt

Overview

The unrest of January 2011 suggests that the terms of recent debate over U.S. assistance to Egypt may change significantly in the coming months. Since 1979, Egypt has been the second-largest recipient, after Israel, of U.S. foreign assistance. In FY2010, Egypt was the fifth-largest aid recipient behind Afghanistan, Israel, Pakistan, and Haiti, respectively. In the past decade, overall U.S. assistance to Egypt has declined from \$2.1 billion in FY1998 to \$1.55 billion in FY2010 owing to a gradual reduction in economic aid. In July 2007, the Bush Administration signed a 10-year Memorandum of Understanding (MOU) with Israel to increase U.S. military assistance from \$2.4 billion in FY2008 to over \$3 billion by 2018. Egypt received no corresponding increase in U.S. military aid; instead, the Bush Administration pledged to continue to provide Egypt with \$1.3 billion in military aid annually, the same amount it has received annually since 1987. Unlike with Israel and Jordan, the Bush Administration did not sign a bilateral MOU with the Egyptian government.³⁴ Congress typically earmarks foreign assistance for Egypt in the foreign operations appropriations bill.

Debate over U.S. Assistance to Egypt

Although U.S. assistance has helped cement what many deem to be a successful 30-year Israel-Egypt peace treaty, as time has passed, critics of continued U.S. assistance to Egypt have grown more vocal in arguing that U.S. aid props up a repressive dictatorship and that, to the extent that

(...continued)

question the fairness and transparency of the process." See, U.S. State Department, "Egypt's Parliamentary Elections," Office of the Spokesman, Washington, D.C., November 29, 2010.

³⁴ A year after the 2007 U.S.-Israel Memorandum of Understanding (MOU), the U.S. and Jordanian governments reached an agreement whereby the United States will provide a total of \$660 million in annual foreign assistance to Jordan over a five-year period. Under the terms their non-binding MOU, this first-of-its-kind deal commits the United States, subject to future congressional appropriations and availability of funds, to providing Jordan with \$360 million per year in Economic Support Funds (ESF) and \$300 million per year in Foreign Military Financing (FMF).

any U.S. funds are provided, policymakers should channel them toward supporting opposition or civil society groups. Over the past five years, Congress has debated whether U.S. foreign aid to Egypt should be conditioned on, among other things, improvements in Egypt's human rights record, its progress on democratization and religious freedom, and its efforts to control the Egypt-Gaza border. Some members believe that U.S. assistance to Egypt has not been effective in promoting political and economic reform and that foreign assistance agreements must be renegotiated to include benchmarks that Egypt must meet to continue to qualify for U.S. aid.

Successive administrations, some lawmakers, and the Egyptian government assert that U.S. assistance to Egypt is symbolic of a strong strategic partnership which directly benefits U.S. national security interests. Proponents of strong bilateral ties argue that Egypt is key to the United States maintaining a strong military presence in the oil-rich Persian Gulf and projecting power in south and central Asia. Reducing Egypt's aid, they argue, would undercut U.S. strategic interests in the region, and could jeopardize the Mubarak government's support for Middle East peace, U.S. naval access to the Suez Canal, and U.S.-Egyptian intelligence cooperation. U.S. military officials argue that continued U.S. military support to Egypt facilitates strong military-to-military ties. The U.S. Navy, which sends an average of a dozen ships through the Suez Canal per month, receives expedited processing for nuclear warships to pass through the Canal, a valued service that can normally take weeks otherwise required for other foreign navies. Egypt also provides over-flight rights to U.S. aircraft. In addition, some U.S. lawmakers argue that cutting aid, particularly military assistance, harms the United States since all of Egypt's FMF must be spent on American hardware and associated services and training. Others question the will or ability of the Egyptian government to change the terms of its long-standing bilateral partnership with the United States because of the government's displeasure with U.S. criticism and pressure for reform.

Economic Aid

The United States has significantly reduced economic aid to Egypt over the last decade. There are several reasons for the reduction in U.S. assistance. Overall, U.S. economic aid to Egypt has been trending downward due to a 10-year agreement reached in the late 1990s known as the "Glide Path Agreement." In January 1998, Israeli officials negotiated with the United States to reduce economic aid and increase military aid over a 10-year period. A 3:2 ratio that long prevailed in the overall levels of U.S. aid to Israel and Egypt was applied to the reduction in economic aid (\$60 million reduction for Israel and \$40 million reduction for Egypt), but Egypt did not receive an increase in military assistance. Thus, the United States reduced ESF aid to Egypt from \$815 million in FY1998 to \$411 million in FY2008.³⁵ For FY2011, the Administration is requesting \$250 million in ESF for Egypt, the same amount it has received since FY2009.

Funding for Democracy Promotion

Each year, a portion of USAID-managed economic aid is spent on democracy promotion programs in Egypt, a policy that has been a lightning rod for controversy over the last seven years. On principle, the Egyptian government rejects U.S. assistance for democracy promotion

³⁵ In FY2003, Egypt, along with Israel and several other governments in the region, received supplemental assistance as part of the FY2003 Iraq Emergency Supplemental Appropriations Act (P.L. 108-11). It included \$300 million in ESF for Egypt, which could have been used to cover the costs of up to \$2 billion in loan guarantees. The loan guarantees were to be issued over three years.

activities, though it has grudgingly accepted a certain degree of programming. On the other hand, democracy activists believe that the U.S. government, particularly during the Obama Administration, has not been aggressive enough in supporting political reform in Egypt. Often, the Administration is caught between these polar opposites.

The degree of U.S. direct support for civil society groups is a major issue. The Egyptian government has staunchly opposed foreign support to independent civic groups that demand government accountability, as well as civic groups that have not received government approval. During the Bush Administration, policymakers and members of Congress directed some amounts of Economic Support Funds toward direct support to Egyptian non-governmental organizations (NGOs). However, some experts note that only a small proportion of USAID's democracy and governance (D&G) funds are spent on independent Egyptian groups and an even smaller proportion to groups that do not receive approval from the Egyptian government. The vast majority of USAID D&G assistance goes to Government of Egypt-approved consensual, government-to-government projects.³⁶

Most importantly, in FY2005, Congress directed that "democracy and governance activities shall not be subject to the prior approval of the GoE [government of Egypt]," language which remained in annual foreign operations appropriations legislation until FY2009 (see below).³⁷ Egypt claims that U.S. assistance programs must be jointly negotiated and cannot be unilaterally dictated by the United States. P.L. 111-117, Consolidated Appropriations Act, FY2010, contains general legislative language on the use of U.S. funds to NGOs, stating in section 7034:

With respect to the provision of assistance for democracy, human rights and governance activities in this Act, the organizations implementing such assistance and the specific nature of that assistance shall not be subject to the prior approval by the government of any foreign country.³⁸

As overall ESF aid to Egypt has decreased, so too has U.S. democracy assistance. For FY2009, the Bush Administration unilaterally cut overall economic aid to Egypt by more than half, requesting \$200 million in ESF. Therefore, because U.S. economic assistance is divided among several sectors (health, education, economic development, and democracy promotion), fewer funds were available in FY2009 for D&G aid (\$20 million instead of previous appropriations of up to \$50 million). P.L. 111-117, the Consolidated Appropriations Act, FY2010, provided \$25 million in economic aid for democracy promotion (or 10% of total economic aid).

Perhaps in order to ease tension with the Egyptian government, the Obama Administration has reduced funding for U.S.-based NGOs operating in Egypt while increasing funding for state-approved and unregistered Egyptian NGOs (see table below). Since FY2009, the Administration has used other State Department aid accounts, such as the Middle East Partnership Initiative

³⁶ CRS conversation with Tamara Cofman Wittes, Director, Middle East Democracy and Development Project, Brookings Institution, September 1, 2009.

³⁷ Congress sought to ensure that U.S. foreign assistance for Egypt was being appropriately used to promote reform. In conference report (H.Rept. 108-792) language accompanying P.L. 108-447, the FY2005 Consolidated Appropriations Act, conferees specified that "democracy and governance activities shall not be subject to the prior approval of the GoE [government of Egypt]. The managers intend this language to include NGOs and other segments of civil society that may not be registered with, or officially recognized by, the GoE. However, the managers understand that the GoE should be kept informed of funding provided pursuant to these activities."

³⁸ P.L. 111-117. The conference report accompanying the Act notes, "The requirements of section 7034(m)(4) of this Act shall apply with respect to the provision of assistance to Egyptian NGOs."

(MEPI) and the Human Rights and Democracy Fund (HRDF), to support Egyptian and international NGOs. In October 2009, USAID's Inspector General issued an audit of the agency's democracy and governance activities in Egypt. Among other findings, the audit concluded that:

The impact of USAID/Egypt's democracy and governance activities has been limited based on the programs reviewed. In published reports, independent nongovernmental organizations ranked Egypt unfavorably in indexes of media freedom, corruption, civil liberties, political rights, and democracy. Egypt's ranking remained unchanged or declined for the past 2 years, and the impact of USAID/Egypt's democracy and governance programs was unnoticeable in indexes (sic) describing the country's democratic environment....The Government of Egypt signed a bilateral agreement to support democracy and governance activities (page 5), but it has shown reluctance to support many of USAID's democracy and governance programs and has impeded implementers' activities. Despite the spirit with which the U.S. Congress espoused the civil society direct grants program, the Government of Egypt's lack of cooperation hindered implementers' efforts to begin projects and activities through delays and cancellations.³⁹

³⁹ USAID, *Audit of USAID/Egypt's Democracy and Governance Activities (Audit Report No. 6-263-10-001-P)*, October 27, 2009.

Table 1. U.S. Direct Funding to International and Egyptian NGOs

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

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

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

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

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

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

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

Military Aid

The Administration has requested \$1.3 billion in FMF for Egypt in FY2011—the same amount it received in FY2010. FMF aid to Egypt is divided into three general categories: (1) acquisitions, (2) upgrades to existing equipment, and (3) follow-on support/maintenance contracts.⁴⁰ According to U.S. and Egyptian defense officials, approximately 30% of annual FMF aid to Egypt is spent on new weapons systems, as Egypt’s defense modernization plan is designed to gradually replace most of Egypt’s older Soviet weaponry with U.S. equipment.⁴¹ That figure is expected to decline over the long term due to the rising costs associated with follow-on maintenance contracts. Egyptian military officials have repeatedly sought additional FMF funds to offset the escalating costs of follow-on support. They point out that as costs rise, static aid appropriations amount to a reduction in net assistance.

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

Egypt also receives Excess Defense Articles (EDA) worth hundreds of millions of dollars annually from the Pentagon.⁴² Egyptian officers participate in the International Military and Education Training (IMET) program (\$1.4 million requested for FY2011) in order to facilitate

⁴⁰ According to U.S. defense officials, Egypt only allocates the minimum amount of FMF funds necessary for follow-on maintenance, resulting in inadequate support for weapon system sustainment.

⁴¹ According to a 2006 Government Accountability Office report, over the life of Egypt’s FMF program, through August 2005, Egypt had purchased 36 Apache helicopters, 220 F-16 aircraft, 880 M1A1 tanks, and the accompanying training and maintenance to support these systems, among other items. See Government Accountability Office, “Security Assistance: State and DOD Need to Assess How the Foreign Military Financing Program for Egypt Achieves U.S. Foreign Policy and Security Goals,” GAO-06-437, April 2006.

⁴² According to the Defense Security Cooperation Agency (DSCA), past EDA sales and grant transfers have included two PERRY class and two KNOX frigates, numerous HAWK parts, mine rakes, helicopter spare parts, assorted armored vehicles (M60 tanks and M113 APCs) and various types of munitions.

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

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

Recent Arms Sales Notifications

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

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

U.S.-Egyptian Trade

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

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

exported from Egyptian QIZs are textiles, and products manufactured in QIZs now account for one-third of Egyptian exports to the United States.

Policy Options for Congress

Experts have posited a number of approaches to guide U.S. policy toward Egypt. Rapidly unfolding events in Egypt may significantly alter the character of and dynamics among established power centers in Egypt. The range of options available to the U.S. government may change dramatically. Among the many suggestions commonly made prior to recent events, the following options have been the most frequently proffered:

1. **Active U.S. Approach** – Often espoused by those who believe in a principle-based foreign policy; regime opponents and democracy advocates have asserted that the United States government should publicly and directly express its concern over the government’s human rights and political freedom record. If foreign assistance is to continue, they argue, the United States should channel funds toward democracy promotion inside Egypt. The Egyptian government has resisted attempts to apply external pressure, and some experts believe that this approach would harm, among other things, bilateral military and security cooperation. Some critics of the Egyptian government have argued that the Obama Administration should appoint a special envoy to “explore particular issues related to Egypt’s domestic agenda, such as upcoming elections or minority rights.”⁴³
2. **Quiet U.S. Approach** – Often espoused by foreign policy “realists,” some argue that because of the power differential between the two countries and Egypt’s history of colonialism, U.S. policymakers should raise sensitive issues behind closed doors in order to avoid the appearance of external intervention in domestic affairs and to avoid alienating U.S. partners in key leadership positions. Strong supporters of the bilateral relationship would like to see, in the spirit of the 1979 peace treaty, U.S. assistance to Egypt restored to a 3:2 ratio with U.S. aid to Israel. Private sector interests would like to see the bilateral relationship evolve from one based primarily on military and intelligence cooperation to a partnership based on the promotion of mutually beneficial trade and investment.
3. **Multipronged Approach**—Some experts believe that U.S. security interests and efforts to promote reform in Egypt are not necessarily mutually exclusive. Advocates of a multipronged approach argue that U.S. assistance can and should support government-to-government reform projects alongside support for independent civic groups. As part of this policy approach, analysts suggest that policymakers should hold Egyptian leaders accountable for their own promises, such as President Mubarak’s 2005 campaign vow to end the emergency laws.

⁴³ Dina Guirguis, “Political Change in Egypt: A Role for the United States?” *PolicyWatch* # 1719, The Washington Institute for Near East Policy, November 18, 2010.

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

Fiscal Year	Economic	Military	IMET	Total
1948-1997	23,288.6	22,353.5	27.3	45,669.4
1998	815.0	1,300.0	1.0	2,116.0
1999	775.0	1,300.0	1.0	2,076.0
2000	727.3	1,300.0	1.0	2,028.3
2001	695.0	1,300.0	1.0	1,996.0
2002	655.0	1,300.0	1.0	1,956.0
2003	911.0	1,300.0	1.2	2,212.2
2004	571.6	1,292.3	1.4	1,865.3
2005	530.7	1,289.6	1.2	1,821.5
2006	490.0	1,287.0	1.2	1,778.2
2007	450.0	1,300.0	1.3	1,751.3
2008	411.6	1,289.4	1.2	1,702.2
2009	250.0	1,300.0	1.3	1,551.3
2010	250.0	1,300.0	1.9	1,551.9
2011 Request	250.0	1,300.0	1.4	1,551.4
Total	30,820.8	39,211.8	43.0	70,075.6

Table 3. U.S. Foreign Assistance to Egypt, 1946-1997

(millions of dollars)

Year	Total	Military Loan	Military Grant	I.M.E.T Grant	Misc. Economic Grant	D.A. Loan	D.A. Grant	ESF Loan	ESF Grant	P.L. 480 I	P.L. 480 II
1946	9.6	—	—	—	9.3 Surplus 0.3 UNWRA	—	—	—	—	—	—
1948	1.4	—	—	—	1.4 Surplus	—	—	—	—	—	—
1951	0.1	—	—	—	0.1 Tech Asst	—	—	—	—	—	—
1952	1.2	—	—	—	—	—	0.4	—	—	—	0.8
1953	12.9	—	—	—	—	—	12.9	—	—	—	—
1954	4	—	—	—	—	—	3.3	—	—	—	0.7
1955	66.3	—	—	—	—	7.5	35.3	—	—	—	23.5
1956	33.3	—	—	—	—	—	2.6	—	—	13.2	17.5
1957	1	—	—	—	—	—	0.7	—	—	—	0.3
1958	0.6	—	—	—	—	—	0	—	—	—	0.6
1959	44.8	—	—	—	—	—	2	—	—	33.9	8.9
1960	65.9	—	—	—	—	15.4	5.7	—	—	36.6	8.2
1961	73.5	—	—	—	—	—	2.3	—	—	48.6	22.6
1962	200.5	—	—	—	—	20	2.2	20	—	114	44.3
1963	146.7	—	—	—	—	36.3	2.3	10	—	78.5	19.6
1964	95.5	—	—	—	—	—	1.4	—	—	85.2	8.9
1965	97.6	—	—	—	—	—	2.3	—	—	84.9	10.4
1966	27.6	—	—	—	—	—	1.5	—	—	16.4	9.7
1967	12.6	—	—	—	—	—	0.8	—	—	—	11.8

Year	Total	Military Loan	Military Grant	I.M.E.T Grant	Misc. Economic Grant	D.A. Loan	D.A. Grant	ESF Loan	ESF Grant	P.L. 480 I	P.L. 480 II
1972	1.5	—	—	—	—	1.5	—	—	—	—	—
1973	0.8	—	—	—	—	—	—	—	—	—	0.8
1974	21.3	—	—	—	—	—	—	—	8.5	9.5	3.3
1975	370.1	—	—	—	—	—	—	194.3	58.5	104.5	12.8
1976	464.3	—	—	—	—	—	5.4	150	102.8	201.7	4.4
TQ	552.5	—	—	—	—	—	—	429	107.8	14.6	1.1
1977	907.8	—	—	—	—	—	—	600	99.2	196.8	11.7
1978	943.2	—	—	0.2	0.1 Narc.	—	—	617.4	133.3	179.7	12.5
1979	2588.5	1500	—	0.4	—	—	—	250	585	230.7	22.4
1980	1167.3	—	—	0.8	—	—	—	280	585	285.3	16.1
1981	1681.2	550	—	0.8	—	—	—	70	759	272.5	28.9
1982	1967.3	700	200	2.4	—	—	—	—	771	262	31.9
1983	2332	900	425	1.9	—	—	—	—	750	238.3	16.8
1984	2470.8	900	465	1.7	—	—	—	—	852.9	237.5	13.7
1985	2468.7	—	1175	1.7	—	—	—	—	1065.1	213.8	13.2
1986	2539.1	—	1244.1	1.7	—	—	—	—	1069.2	217.5	6.6
1987	2317	—	1300	1.8	—	—	—	—	819.7	191.7	3.9
1988	2174.9	—	1300	1.5	—	—	—	—	717.8	153	2.6
1989	2269.6	—	1300	1.5	—	—	1.5	—	815	150.5	1.2
1990	2397.4	—	1294.4	1.6	—	—	—	—	898.4	203	—
1991	2300.2	—	1300	1.9	—	—	—	—	780.8	165	52.5
1992	2235.1	—	1300	1.8	—	—	—	—	892.9	40.4	—

Year	Total	Military Loan	Military Grant	I.M.E.T Grant	Misc. Economic Grant	D.A. Loan	D.A. Grant	ESF Loan	ESF Grant	P.L. 480 I	P.L. 480 II
1993	2052.9	—	1300	1.8	—	—	—	—	747.0	—	4.1
1994	1868.6	—	1300	0.8	—	—	—	—	561.6	35	6.2
1995	2414.5	—	1300	1	—	—	0.2	—	1113.3	—	—
1996	2116.6	—	1300	1	—	—	—	—	815	—	0.6
1997P	2116	—	1300	1	—	—	—	—	815	—	—
Total	45669.4	4550	17803.5	27.3.0	11.2	80.7	82.8	2620.7	15923.8	4,114.3	455.1

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

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

* = less than \$100,000

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

UNRWA = United Nations Relief and Works Agency

Surplus = Surplus Property

Tech. Asst. = Technical Assistance

Narc. = International Narcotics Control

D. A. = Development Assistance

ESF = Economic Support Funds

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

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

P = Preliminary

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