

House Foreign Affairs Committee
Middle East and North Africa Subcommittee Hearing

EGYPT: SECURITY, HUMAN RIGHTS, AND REFORM

Testimony of
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Chairman Ros-Lehtinen, Ranking Member Deutch, and distinguished Members of the Subcommittee, allow me to thank you for inviting me to testify on this important topic. I am going to present what I view as the three key—and concerning—characteristics of Egypt under President Abdel-Fattah al-Sisi, and explain their implications for U.S. interests. In closing, I will offer two recommendations for how Congress can help to advance vital U.S. interests in Egypt while rightsizing the bilateral relationship.

The first key characteristic of today's Egypt is that the country is no longer as important to U.S. interests as it once was. President al-Sisi has been unable to reverse years of internal state decay and, with the increasing assertiveness of wealthy Gulf states, Egypt has ceased to be a regional power in the Middle East. The Egyptian government currently possesses neither the wealth, the military power, nor the administrative efficiency to shape events and outcomes elsewhere in the region, with the exceptions of Libya and Gaza. Even the country's soft power across the region has dissipated.

The days when the United States could rely upon Egypt to serve as an anchor for U.S. interests in the region are long gone. Egypt is not the key to resolving the crisis in Syria, is not at the forefront of efforts to roll back Iranian influence in the Middle East, and lacks the expeditionary capability to deploy outside of its borders in support of the United States.¹ While Egypt has influence over the economic situation in Gaza due to its control of the border, it has scant influence in the West Bank, and is in no position to deliver the Palestinians to a peace agreement with Israel.²

However, Egypt still matters to the United States, albeit for different reasons than before. Despite its diminished regional importance, Egypt's ongoing internal deterioration could have serious implications for U.S. interests. While outright state failure does not appear imminent, prolonged instability in Egypt could lead to both new refugee flows from this country of 100 million people or facilitate the rise of terrorist groups with transnational reach. Egypt's stability, defined not as a ruling regime imposing control through repression but as a society that does not create security risks beyond its borders, is thus of paramount concern to the United States.

Unfortunately, and this is the second key characteristic of today's Egypt, al-Sisi's military-backed government is doing poorly at managing the country's internal challenges. Repression is reaching alarming levels as al-Sisi takes steps that are more characteristic of totalitarian than authoritarian regimes. Since March's presidential election, al-Sisi has escalated his campaign of arrests against his political opponents in an apparent attempt to consolidate and extend his rule. Just in the past several weeks, there has been a new spate of arrests targeting people like Amal Fathy, a democracy activist who was detained after publicly speaking out against sexual harassment.³ With as many as 60,000 political prisoners already in Egyptian jails, the detention of peaceful political activists shows no signs of abating.⁴ In contrast to previous authoritarian regimes in Egypt, which allowed some space for civil society to operate, al-Sisi seems determined to snuff out all room for activity independent of the

1. "The Egyptian Military: Fighting Enemies Domestic, Not Foreign," Stratfor, November 15, 2014, <https://worldview.stratfor.com/article/egyptian-military-fighting-enemies-domestic-not-foreign>.

2. Ilan Goldenberg, "Trump's 'Outside-In' Approach to Israel-Palestine Won't Work Right Now," *Foreign Policy*, February 13, 2017, <https://foreignpolicy.com/2017/02/13/trumps-outside-in-approach-to-israeli-palestinian-peacemaking-wont-work-right-now-peace-conflict-two-state-solution/>.

3. "Fact Sheet – Egypt's Totalitarian Turn: Al-Sisi's Crackdown Deepens," Project on Middle East Democracy (POMED), May 25, 2018, <https://pomed.org/fact-sheet-egypts-totalitarian-turn/>.

4. "Egypt: Torture Epidemic May Be Crime Against Humanity," Human Rights Watch, September 6, 2017, <https://www.hrw.org/news/2017/09/06/egypt-torture-epidemic-may-be-crime-against-humanity>.

state. And, while some authoritarian regimes have proven durable, totalitarian ones are seldom stable, tending to collapse in ways that are deeply dangerous for their neighbors.

The security situation in Egypt also remains worrisome. Over four years after his first election, and despite extraordinarily repressive measures, President al-Sisi is still yet to neutralize the threat posed by terrorist groups like the Islamic State of Iraq and Syria (ISIS)'s Sinai-based affiliate, which is believed to be responsible for the downing of a Russian airliner and the bombing of churches, among many other attacks. New groups, such as the U.S.-designated foreign terrorist organization (FTO) HASM, have also emerged to conduct lower-level attacks in the Egyptian mainland.⁵ Attesting to the Egyptian government's lack of progress on counterterrorism, 2017 set the record for the most deaths in terrorist attacks (756) in modern Egyptian history.⁶ Furthermore, we have seen no concrete evidence that the Egyptian military's much-hyped "Sinai 2018" campaign has extinguished the ISIS threat in the Sinai. To the contrary, Human Rights Watch reports that an additional 3,000 homes were destroyed during the operation, fueling resentment toward the government and impairing the type of cooperation between the state and the public that is the hallmark of successful counterterrorism campaigns.⁷

President al-Sisi's government has received kudos for its economic performance, but even here the picture below the surface is deeply troubling. In return for a \$12 billion loan from the International Monetary Fund (IMF), al-Sisi undertook a number of structural adjustments that have helped to stabilize Egypt's macroeconomic situation. Foreign currency reserves have recovered after reaching dangerously low levels and the economy is expected to grow by 5.2 percent in 2018.⁸ But just as Mubarak's once-vaunted economic reforms masked deeper problems and public discontent that ultimately led to the 2011 uprising, conditions in the real economy in which Egyptians live are getting harder. Indeed, al-Sisi's government has neglected the impact of economic reforms on the Egyptian people, whose living standards have declined sharply. The poverty rate in Egypt has jumped from 27.8 percent in 2016 to an estimated 35 percent in 2017, partly due to IMF-mandated subsidy cuts on which the poorest Egyptians depended.⁹ The government, moreover, has no clear plan to create the 700,000 to 1,000,000 jobs per year necessary to prevent the unemployment rate from increasing further.¹⁰ Even middle class Egyptians are struggling badly, as the combined effects of inflation—14.4 percent as of June—and devaluation have gutted their spending power.¹¹ The growing role of the military in the economy has made it even more difficult for the average Egyptian to reap the benefits of al-Sisi's reforms, and al-Sisi's financing of wasteful "megaprojects" through massive borrowing has turned public debt, which is currently 107 percent of GDP, into a ticking time bomb.

5. "Secretary Tillerson Designates HASM & Liwa Al-Thawra as Specially Designated Global Terrorists," U.S. Embassy & Consulate in Egypt, January 31, 2018, <https://eg.usembassy.gov/secretary-tillerson-designates-hasm-liwa-al-thawra-specially-designated-global-terrorists/>.

6. The Tahrir Institute for Middle East Policy (TIMEP), Twitter Post, January 4, 2018, 1:33 PM, <https://twitter.com/TimepDC/status/948970544292020224>.

7. "Egypt: Army Intensifies Sinai Home Demolitions," Human Rights Watch, May 22, 2018, <https://www.hrw.org/news/2018/05/22/egypt-army-intensifies-sinai-home-demolitions>.

8. Farah Tawfeek, "IMF Continues to Praise Egypt's Economic Reforms in Its Third Review," Egypt Independent, July 13, 2018, <http://www.egyptindependent.com/imf-continues-praise-egypts-economic-reforms-third-review/>.

9. "Egypt's Poverty Line to Increase to LE 800 Monthly Per Person," Egypt Today, July 23, 2017, <https://www.egypttoday.com/Article/3/13326/Egypt-s-poverty-line-to-increase-to-LE-800-monthly>.

10. Aya Batrawy, "IMF: Mideast Not Growing Fast Enough to Reduce Unemployment," Associated Press, May 02, 2018, <https://www.apnews.com/1d0e87c1f8df434da041a684c22877db>.

11. Tarek El-Tablawy, "Egypt Inflation Rate Accelerates for First Time in 11 Months," Bloomberg, July 10, 2018, <https://www.bloomberg.com/news/articles/2018-07-10/egypt-inflation-rate-accelerates-for-first-time-in-11-months>.

It is thus not surprising that Egypt has averaged more than one protest per day—252 in total—in the first half of 2018, most of them over economic discontent.¹² Another looming threat on the horizon is Egypt’s water supply, a problem that successive Egyptian governments have badly mismanaged. Simply put, Egypt already does not have enough water for its population, and experts have estimated that, once operational, the Grand Ethiopian Renaissance Dam could temporarily reduce Egypt’s water supply by as much as a further 25 percent.¹³ Given Egypt’s dependence on water for agriculture and electricity generation, and its growing population, such a development could prove crippling for a weak economy. While it may be too late to reach an agreement with Ethiopia that would mitigate the dam’s impact on Egypt, al-Sisi’s government has largely failed to regulate highly water-intensive agricultural and construction practices that could insulate Egypt from the worst effects of the dam.

The third characteristic of today’s Egypt is that it is an extremely difficult partner for the United States. The Cold War consensus that held together the U.S.-Egyptian relationship no longer holds, and Egyptian interests often diverge from those of the United States. For example, Egypt has continued its political, economic, and military cooperation with North Korea, helping Pyongyang to acquire badly needed foreign currency, at the precise time the Trump administration has sought to apply maximum pressure on King Jong Un’s regime.¹⁴ Egypt is also determined to build a closer relationship with Russia, regardless of how the United States treats Egypt. And, at the United Nations Security Council, Egypt has opposed U.S. positions on Syria and Israel.

Even where the United States and Egypt share common interests, Egypt has often rejected U.S. cooperation and assistance. Counterterrorism (CT) is a case in point. While Egypt has gladly accepted U.S. military equipment funded by American taxpayer money, it has largely spurned other forms of support that are arguably more important to its CT success, including training and advice.¹⁵ This is particularly detrimental to CT in Egypt, as the Egyptian military’s struggles against the ISIS affiliate in the Sinai appear to be a function of poor doctrine and tactics rather than equipment shortfalls. Moreover, al-Sisi’s government has ignored U.S. concerns that its political repression and mass incarceration of peaceful actors is fueling radicalization trends in the country, in effect creating new terrorists.¹⁶ As one former prisoner noted, “In the beginning [2013], no one had even heard of Daesh, but by the time I left, maybe 20 percent were openly supporting their ideas... after all those years of being in jail with no explanation, many wanted revenge.”¹⁷ Yet, repeated U.S. warnings that Egypt needs to take prison radicalization seriously have fallen on deaf ears.

Egypt’s declining utility to the United States as a partner is all the more striking given how much money the United States has invested in Egypt. In recent years, the U.S. government has continued

12. “The Democratic Path in Egypt During the 1st Quarter of 2018,” Arab Network for Human Rights Information (ANHRI), April 17, 2018.; “The Democratic Path in Egypt During the 2nd Quarter of 2018,” Arab Network for Human Rights Information (ANHRI), July 10, 2018.

13. Jean-Daniel Stanley and Pablo L. Clemente, “Increased Land Subsidence and Sea-level Rise Are Submerging Egypt’s Nile Delta Coastal Margin,” *GSA Today* 27, no. 5 (2017): 4-11.

14. Daniel Leone, “Egypt’s North Korea Connection,” Project on Middle East Democracy (POMED), August 10, 2017, <https://pomed.org/egypts-north-korea-connection/>; Declan Walsh, “Need a North Korean Missile? Call the Cairo Embassy,” *The New York Times*, March 03, 2018, <https://www.nytimes.com/2018/03/03/world/middleeast/egypt-north-korea-sanctions-arms-dealing.html>.

15. Declan Walsh and David D. Kirkpatrick, “In Egypt, Furious Retaliation but Failing Strategy in Sinai,” *New York Times*, November 25, 2017, <https://www.nytimes.com/2017/11/25/world/middleeast/egypt-sinai-mosque-attack-sufi.html>.

16. Jay Solomon, “John Kerry Urges Egypt to Move Forward With Political Reform,” *Wall Street Journal*, August 2, 2015, <https://www.wsj.com/articles/john-kerry-urges-egypt-to-move-forward-with-political-reform-1438524781>.

17. “Freed Irishman Says Egypt’s Jails Are ISIS Breeding Grounds,” CBS News, December 12, 2017, <https://www.cbsnews.com/news/egypt-prisons-isis-breeding-grounds-irish-ibrahim-halawa-jailed-no-reason/>.

to provide Egypt with an annual \$1.3 billion in military assistance, which in Fiscal Year (FY) 2018 accounted for 21 percent of all U.S. Foreign Military Financing (FMF) funds globally, making the country the second largest recipient of FMF worldwide.¹⁸ And this is on top of the \$47 billion in military assistance and \$24 billion in economic aid that the United States has given to Egypt over the last forty years.

As a whole, it is becoming increasingly difficult to argue that the United States is getting a good return on its investment in Egypt. Egypt has lost regional influence, but the United States continues to provide al-Sisi's government with the second largest FMF package in the world. Egypt is moving in the wrong direction, endangering key U.S. interests in human rights and counterterrorism, while rejecting U.S. advice on how to turn around this negative trajectory. What can the United States do to break out of this unsatisfactory cycle?

There are two steps that Congress could take that would both advance vital U.S. interests and ensure that the U.S. investment in Egypt is proportional to its return. Both concern U.S. military assistance to Egypt, which is no coincidence. The Egyptian government values U.S. military assistance above all else. If the U.S. government is to get through to al-Sisi's government, U.S. aid will have to be put on (or off) the table.

First, Congress should retain human rights conditions on Egypt's military assistance package in the FY19 State and Foreign Operations appropriations bill. The Trump administration made use of this conditionality last August when it suspended \$195 million in FMF funding for Egypt.¹⁹ As a result of this pressure, the Egyptian government finally arranged for a retrial in the infamous foreign funding case, in which 43 employees of U.S. and German-based NGOs, including 17 Americans, received prison sentences on politicized charges in 2013.²⁰ Egypt also reportedly forced North Korea to reduce the staff level of its embassy in Cairo, Pyongyang's largest mission in the region.²¹ While neither step is sufficient to justify the release of the \$195 million, they indicate that U.S. pressure is having some effect. In FY19, Congress should condition a portion of military assistance to Egypt on progress in several important areas, including a cessation of the investigation and arrest of activists and democracy-promotion organizations, the release of political prisoners, and granting U.S. military officials access to the Sinai to perform end-use monitoring of U.S.-made military equipment.

Second, Congress should reduce military assistance to Egypt from \$1.3 billion to \$1 billion in the FY19 appropriations bill, as proposed in the Senate Appropriations Committee's markup. As things currently stand, Egypt both views U.S. military support as an entitlement and believes itself to be more important to the United States than vice versa. Based on these perceptions, the Egyptian government expects the United States will ultimately back down from any threat or sanction, which undermines U.S. influence in Egypt. Reducing Egypt's annual military assistance appropriation would send the

18. Andrew Miller and Todd Ruffner, "President Trump's Second Foreign Affairs Budget: Democracy, Governance, and Human Rights in the Middle East and North Africa in FY19," Project on Middle East Democracy (POMED), June 14, 2018, <https://pomед.org/fy19-budget-report/>.

19. Nicole Gaouette, "US, Citing Human Rights, Cuts Some Egypt Aid," CNN, August 23, 2017, <https://www.cnn.com/2017/08/22/politics/us-egypt-aid-denied-democracy/index.html>.

20. "Egypt Court Orders Re-trial of NGO Foreign Funding Case," Reuters, April 05, 2018, <https://af.reuters.com/article/commoditiesNews/idAFL4N1R1318>.

21. Asmihan Soliman, "How Egypt Is Fixing Its North Korea 'Problem,'" Mada Masr, October 26, 2017, <https://www.madamasr.com/en/2017/10/26/feature/politics/how-egypt-is-fixing-its-north-korea-problem/>.

unmistakable message that the United States expects more in return for its support to Egypt. In addition, by disabusing Egypt of the notion that it can take its existing level of funding for granted, Congress can restore U.S. leverage over the Egyptian government.²²

The risks of cutting Egypt's military assistance and retaining human rights conditionality are often exaggerated. Contrary to popular belief, the United States did not undertake an indefinite commitment to provide Egypt with any specific level of military support at Camp David; reducing military assistance to Egypt would thus not put the United States in breach of the Israeli-Egyptian Peace Treaty. Moreover, the Peace Treaty is no longer dependent on U.S. mediation; Israel and Egypt have become solid, if quiet, allies. Nor will Egypt abandon the United States in favor of Russia or China in response to a reduction in assistance. Russia and China, in contrast to the United States, do not provide Egypt with military equipment as grant assistance, and the Egyptian government has no desire to be wholly dependent on any external patron, whether it is the United States or Russia. And, finally, a reduction in U.S. military assistance will not degrade the Egyptian military's ability or interest in combating terrorist groups. Egypt needs better training, which is relatively inexpensive, not new tools.

Egypt is on a dangerous course, one with grave implications for the United States. It will be difficult to reverse this trajectory, but Congress has an important opportunity to help the Trump administration tackle this thorny challenge by restoring U.S. credibility and influence with Egypt. If military assistance to Egypt is reduced and conditioned, the Trump administration will be in a stronger position to persuade al-Sisi's government to open up political space, reform its military doctrine, and address the country's growing radicalization problem. At the very least, cutting Egypt's military aid will be a service to the American taxpayer, who has seen little return on their investment in the current Egyptian government. The U.S.-Egyptian military assistance relationship no longer makes sense in its current form; I hope Congress will take this chance to recalibrate U.S. aid for a new era.

Thank you.

22. Andrew Miller and Richard Sokolsky, "Actually, Egypt Is a Terrible Ally," *New York Times*, December 18, 2017, <https://www.nytimes.com/2017/12/18/opinion/united-states-egypt-pence.html>.