



# New Anchors for U.S.-Egypt Relations

Looking to the Future and Learning  
from the Past 4 Years After Egypt's Revolution

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January 2015

# Introduction and summary

In the past year, the fight against the Islamic State of Iraq and Al-Sham, or ISIS, and the nuclear negotiations with Iran have dominated U.S. policy toward the Middle East. But Egypt, as the most populous Arab country, remains a central test in the broader battle to achieve stability and progress in the region. Four years after the start of the Arab uprisings, Egypt continues to face many of the same challenges that sparked the initial protests.

The United States and Egypt should try to work together to build a set of new anchors for progress and stability at this turbulent time of transition in the Middle East. 2015 offers potential opportunities, but it will require Egypt and the United States to learn some lessons from the past four years and to look to the future. The two countries need to move beyond the old way of doing business—a heavy focus on conventional military cooperation—and look to a future where the bilateral relationship includes expanded economic cooperation and a new, more constructive diplomatic and political dialogue.

Doing so will be difficult for the United States absent a major course correction by the new Egyptian government on its political transition. Efforts to enhance cooperation between the two countries will likely remain limited, and relations are likely to be strained as long as Egypt continues down its current path of restrictions on basic freedoms and political pluralism. Given the uncertainty of the moment, the United States should prepare for a wide range of possible scenarios emerging in Egypt in the next year. But it should make a determined effort to work with Egypt to build new anchors for the relationship over the next four years.

Egypt remains in the midst of unfinished political and economic transitions. Multiple waves of protests, leadership changes, and crackdowns have traumatized Egyptians. The overall political climate in Egypt is a complicated mix of anxiety, tension, exhaustion, and hope that the country will achieve more progress in the next four years than it did in the past four.

If Egypt can build a foothold of stability and achieve economic and political progress, it has the potential to offer immense resources to the cause of regional and global stability. But the only way for Egypt to achieve long-term, sustainable security is by updating its security and economic sectors and ushering in a competitive political environment where basic liberties are protected.

In the past year-and-a-half, many Egyptians' overriding focus has been security—both basic law and order and economic stability. Ongoing violence in Egypt's Sinai Peninsula, Libya's fragmentation to the west, and Syria's ongoing bloody civil war are seen as vivid examples to avoid. The rise of ISIS and the growth of extremist groups across the region have had an enormous impact on threat perceptions inside Egypt. Next to security, Egypt's daunting economic troubles are a top priority; there is a dire need to produce economic growth and create jobs.

While President Abdel Fattah al-Sisi<sup>1</sup> appears to enjoy broad political support from an exhausted population, important segments of Egyptian society have grave concerns about constraints on basic freedoms and the closure of political space. How Sisi governs and handles his country's momentous challenges will redefine what Egypt stands for as a country and its role in the region. Since the start of the 21st century, Egypt has seen its regional influence wane, held back by the sheer weight of its internal challenges and mismanagement of national assets.

The past four years have taken a serious toll on U.S.-Egypt ties. The Egyptian view of the United States is perhaps the worst it has been in recent history. Many Egyptians think the United States backed the Muslim Brotherhood, or MB, when it was in power, and others believe the United States helped support former President Mohamed Morsi's removal to stamp out Islamists. There are widespread conspiracy theories that embrace the notion that the United States wants to undermine and weaken Egypt.

In the United States, top policymakers increasingly speak of Egypt as a problem to be managed, their attention focused on avoiding the worst-case outcomes of state collapse. Today, the United States looks less to Egypt and more to countries such as Jordan and the United Arab Emirates for regional security cooperation efforts such as the anti-ISIS coalition. Moreover, the central strategic rationale for U.S.-Egyptian ties for the past 35 years—the role of the United States as guarantor of peace between Egypt and Israel—seems to have been undercut. Israeli and Egyptian leaders now tout that their bilateral relations are stronger with each other than with the United States, sending the message that Egypt upholds the peace treaty with Israel out of national self-interest, not because of U.S. assistance.<sup>2</sup>

At the government level, Egypt's current leaders say that they are confused by U.S. policy, which continues to hold back delivery of some weapons systems because of America's concerns about Egypt's political transition and human rights record.<sup>3</sup> The Egyptian government argues that its actions against the MB and other Islamist groups are part of Egypt's fight against the same terrorists the U.S.-led coalition against ISIS is fighting.<sup>4</sup>

The continued rift between Egypt and the United States has motivated Sisi to seek to diversify Egypt's foreign support.<sup>5</sup> Egypt remains in dire need of external assistance. It has received more financial support from Gulf Cooperation Council, or GCC, countries in the past year than it received from the United States over the past decade—at least \$20 billion from Gulf partners in the past year-and-a-half compared with the less than \$1.5 billion per year from the United States, or nearly \$15 billion in the past decade. Sisi has traveled to parts of Africa and to Europe, Russia, and China during his first seven months in office in an effort to boost support and strengthen ties.

Yet Egypt and the United States continue to share common, long-term interests in stability and economic prosperity. To build new anchors for the relationship, Washington and Cairo should use the upcoming strategic dialogue planned for this year<sup>6</sup> to foster more constructive conversations and to look to build a new framework for bilateral relations by 2020. The countries should seek to develop forward-looking joint approaches on three fronts:

**1. Security: comprehensive security-sector modernization to meet new threats.**

The evolving threat from militant terrorist groups challenging state sovereignty requires Egypt to update its overall security approach. Acknowledging that current U.S.-Egypt security cooperation was built in a different era, the two countries should use the proposed strategic dialogue to outline a program for security cooperation tailored to meet today's threats. In these future strategic dialogues, the United States should offer the prospect of delivering security assistance currently being held back, as well as the restart of joint military exercises contingent upon opening a dialogue on substantial reforms to Egypt's security institutions.

2. **Countering violent extremism: an open dialogue about pluralism and political reform.** Egypt's government has justified restrictions on basic freedoms and closing off political space in its anti-terrorism battle, but guaranteeing these basic liberties is needed to ensure political stability and the ultimate political defeat of extremists. Egypt needs a more sustainable political environment to implement massive economic reforms, and it requires an environment that allows political actors to mature and a new spectrum of voices to emerge that denies space for extremist ideologies to thrive. The limited efforts of the Obama administration to influence Egypt's political trajectory by holding back some types of assistance have not succeeded. But these issues are important to discuss, as sensitive as they are. The United States and Egypt should seek to expand people-to-people contact, educational exchanges, and more honest discussions on the need for pluralism, countering extremism, and political reform due to these issues' impact on Egypt's overall stability and the health of the bilateral relationship.
  
3. **Economy: organized international and multilateral support for Egypt's economic reform.** Egypt and the United States should work together and in closer collaboration with regional powers in the Gulf to reform Egypt's economy to spark inclusive growth and to create jobs, breaking the cycle of foreign-aid dependency and crony capitalism of the past decades. The United States has already gradually begun to reduce its economic assistance to Egypt, and as it continues this shift, it should look to other avenues, including the private sector, to help strengthen economic ties with Egypt.

This report is based on the Center for American Progress' ongoing analysis of regional trends and a trip to Egypt in late October 2014 that included interviews with more than three dozen Egyptian government officials, politicians, economists, businessmen, religious leaders, civil society activists, journalists, and independent analysts.

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