

# U.S. Policy toward Egypt

by [Robert Satloff \(/experts/robert-satloff\)](#)

Apr 10, 1997

## ABOUT THE AUTHORS



[Robert Satloff \(/experts/robert-satloff\)](#)

Robert Satloff is executive director of The Washington Institute, a post he assumed in January 1993.



Articles & Testimony

**T**estimony before the House Committee on International Relations  
Mr. Chairman,

It is an honor to appear before this Committee to discuss Egypt and U.S. policy. In recent years, as visible signs of discord have emerged between the United States and Egypt over a wide array of issues, this topic has emerged as one of the most important on the regional agenda. Regretfully, however, it is often overlooked in the rush of daily events.

In my capacity as Executive Director of The Washington Institute for Near East Policy, I have focused on this issue with special intensity, traveling to Egypt on several occasions and speaking widely with Egyptian and American political leaders, policymakers, analysts and scholars. Several months ago, my institute undertook to bring a dozen prominent American policymakers, diplomats and analysts to a seaside resort off the Red Sea coast to spend two-and-a-half days of discussion with their Egyptian counterparts on exactly the issues before this Committee today. Those candid, frank discussions formed the backdrop to a wide-ranging review of U.S.-Egyptian relations that forms a key chapter of the final report of The Washington Institute's Presidential Study Group, *Building for Security and Peace in the Middle East*, a bipartisan undertaking that endeavors to offer policy guidance and recommendations to the second Clinton Administration. My comments today are drawn heavily from that chapter.<sup>1</sup>

Mr. Chairman, for two decades, the U.S.-Egyptian relationship has been a centerpiece of U.S. efforts to bolster peace and security in the Middle East. This reflects Egypt's dominance in Arab political, military, diplomatic and cultural circles. As a result, the seismic shift undertaken by Egypt in the mid-1970s away from alliance with the Soviets and toward partnership with the United States, away from rejectionism and toward peace with Israel, away from Nasserite socialism and toward a more open economy at home, away from an authoritarian political system and toward the beginning of a more democratic system of government--has had profound ramifications on the international, Middle Eastern and Arab levels.

Those four elements--strategic alliance, commitment to peace, pursuit of economic reforms, and incremental steps toward liberalization and democratization--have been the foundation of the U.S.-Egyptian relationship ever since. Strategically, a shared understanding of the complex challenges facing the region in the post-Cold War world led Cairo to be an early supporter of the U.S.-led alliance to evict Saddam Hussein from Kuwait. On the peace process,

Egypt's meticulous implementation of the security components of its peace treaty with Israel has greatly reduced (if not removed) the threat of coalition warfare against Israel and given Israelis the confidence to take risks for peace on other fronts. Along the way, Egypt paid a steep price for its moderation and realism, suffering political isolation, cultural ostracism and lost financial assistance from other Arab donor states.

Economically, U.S. assistance partially offset the loss of Arab aid; in the early and mid-1980s, it helped rebuild an infrastructure falling apart under the weight of the twin challenges of overpopulation and underinvestment; more recently, U.S. aid has given Egypt a vital cushion to compensate for difficult reforms that are needed to build a healthier, more dynamic and more entrepreneurial economy. At the core of the U.S. aid effort is the belief that U.S. interests are served by a strong Egypt, able to meet the needs of its people and assert itself on the regional stage.

Over the past few years, however, public disputes between Egypt and the United States have increased. This has reached the point where the foundation of the bilateral relationship has eroded. Divergences have emerged over a wide range of Egyptian policies: from Egypt's role in the peace process (on the bilateral track<sup>2</sup> and multilateral tracks, especially the Arms Control/Regional Security Talks); to the "warmth" (or lack thereof) of Egypt's own relationship with Israel; to relations with terror-supporting states on its borders (especially Libya); to criticism of Israeli-Turkish security ties; to support for Iraqi re-integration into the Arab world and castigation of U.S. actions against Iraq (e.g., President Mubarak termed the U.S. missile strike against Iraq in September 1996 a "violation of international law"); to leadership of the group which opposed the U.S. effort to win indefinite extension of the Nuclear Nonproliferation Treaty. As regards Egypt's domestic situation, the United States is concerned about the set-backs to democratization and human rights as the Egyptian government has moved assertively to contain internal dissent and root out violence on the part of religious extremists.

While important areas of U.S.-Egyptian cooperation remain intact, especially in the military-to-military field and increasingly in the economic realm, I fear they reflect only an episodic convergence of interests, not a pattern of partnership.

Mr. Chairman, this widening gulf between the United States and Egypt on critical regional issues complements a strategic decision Egypt appears to have made regarding its relationship with Israel. Between 1977 (Sadat's visit to Jerusalem) and 1990/1 (Gulf war/Madrid peace conference), the fundamental question in Egypt's relations with Israel and the peace process was whether to invest energies in deepening bilateral ties with Israel or in broadening the base of Arab-Israeli peace by enlisting other Arab parties in the peace process. At a time of deep isolation, Egypt took the second path and chose to break out of its isolation by maintaining a static relationship with Israel -- a "cold peace" -- but seeking to bring other Arab parties into the peace process. The idea was to frustrate the goals of those who sought to isolate by expanding the circle of peace. With the convening of the Madrid peace conference -- and especially with the signing of the Oslo Accords -- that strategy was vindicated. Already, the Arab League had returned to Cairo and Arab radicals, like Syria, had reconciled with Egypt's peace with Israel, but Madrid and Oslo validated Egypt's strategy.

The end of one era, however, was the opening of a new one. Having been vindicated in inter-Arab politics, the search for leadership in the Arab world led Egypt to a new dilemma -- whether to pursue the old strategy and expand the circle of peace via widening Arab normalization with Israel or to follow a different path, one that views Israel as a fundamental challenge to Egypt's self-perception as a regional power and that advances Egypt's national interests via "zero-sum" peacetime competition with Israel that makes antinormalization a fixture of Egyptian policy. Sadly, at a moment when Egypt's choice could have tilted the entire Arab world in one direction or the other, Egypt chose the latter.

Mr. Chairman, the impact of Cairo's decision has been that, as one respected Israeli journalist has quipped, "cold peace" has become "cold war." For example,

- \* In the April 3, 1997 issue of the Jerusalem Report, President Mubarak responded to an interviewer who asked him about the "cold peace" as follows: "It will stay cold, believe me. It will stay cold for a long time to come."
- \* In September 1996, Egypt undertook military exercises near the Suez Canal code-named "Badr '96." Badr was the same code-name as the crossing of the canal in the October 1973 war. At the time, the managing editor of the al-Ahram newspaper, the state-owned major Egyptian daily, explained that "the lessons of Badr '73 and Badr '96 take us back to the starting point ... that the end of war does not necessarily mean the achievement of peace, and vice-versa." He went on to explain that "Netanyahu may have been confident that the Arabs are no longer either able or willing to resume confrontations of the Badr '73-type and thus proceeded to pursue his foolish policies which plunged the region into a sea of blood... But he [Netanyahu] recently woke up to [the] urgent message that reached him from Egypt, the first Arab state to make peace with Israel, through the great strategic maneuver Badr '96, which reminded him and all Israelis of Badr '73, stretching from Sinai to the Golan."
- \* In describing one component of Badr '96 -- which, according to Reuters, included exercises to "deal with nuclear attacks on Egypt" -- Defense Minister Field Marshal Muhammad Hussein Tantawi said the following: "In spite of the security imbalance in the region, which stems from Israel's possession of nuclear, chemical and biological weapons, our armed forces are well trained to work under conditions where the enemy uses weapons of mass destruction... If any state possesses such weapons, it will be tantamount to an invitation to neighboring states to try to obtain unconventional weapons and that is not difficult these days for many states."
- \* Perhaps most disturbing was the resolution adopted in Cairo by Arab League foreign ministers last week, recommending the reimposition of the Arab boycott against Israel, a suspension of participation in the multilateral talks of the peace process and a repeal of normalization steps. In my view, this resolution, which could not have been approved without Egyptian support and urging, is at the very least a violation of the spirit, if not the letter, of the Egypt-Israel Peace Treaty (see article III, paragraph 3, by which the parties agree that their relationship will "include ... termination of economic boycotts" and paragraph 2, by which each party commits to "refrain from ... participating in acts or threats ... of hostility...")

None of this is to suggest that Cairo is planning or even contemplating a major breach of the military aspects of its peace treaty. Maintaining that treaty is clearly in Egypt's national interest, especially at a moment when Egypt is so strongly committed to implementing market reforms and building investor confidence. At the same time, however, we would be remiss if we did not recognize the seriousness of the drift now underway, with Egypt no longer leading the Arab chorus for reconciliation with Israel but rather leading the Arab chorus for containment of Israel -- politically, militarily, economically, and culturally.

Mr. Chairman, on a wide range of issues, the U.S.-Egyptian strategic relationship is broken and needs fixing. It is not, however, beyond repair. What is missing in the U.S.-Egypt relationship today is a strategic partnership that reflects the realities of the 1990s, not the lingering memories of the 1970s. While the U.S.-Egypt relationship has many of the attributes of a partnership--large-scale military and economic assistance, joint military exercises, frequent high-level political meetings and diplomatic exchanges--the sum does not equal the individual parts. Though the two sides share a common appreciation of the domestic threat that terrorism, radicalism and religious militancy can pose to Egyptian stability, we no longer share a common assessment of regional priorities, challenges, threats and opportunities, let alone a common regional agenda. This has led to the sad situation in which on a range of key Middle Eastern issues, Egypt is part of the problem, not part of the solution.

Fixing this relationship -- and helping to ensure that Egypt fulfills its historic legacy as a leader in the pursuit of

regional peace and stability -- will take a level of candor and frankness on our part that has not been part of the U.S.-Egyptian relationship for more than a decade. For too long, the U.S.-Egyptian dialogue has been handicapped by the strategic dilemma that finds us constrained from pursuing an honest and open discussion from the top political levels on down, for fear of sending a message to the Egyptian regime and opposition that our support for President Mubarak and his government is somehow wavering. We must find a mechanism that permits us to have a true strategic dialogue that is anchored in our fundamental interest in Egyptian stability and regional peace but that does not preclude us from recognizing the growing discord in our relationship and dealing with it head-on.

As a first step toward remedying this, I urge the following:

- - Creation of ongoing, high-level, bilateral consultations on political, strategic, and military matters. These consultations would provide structure for a relationship that has evolved in an ad hoc form despite more than twenty years of contact. In addition, they would provide a forum to vet ideas, share opinions, and air differences without losing sight of the overwhelming mutual interest in advancing the Middle East peace process and maintaining regional security. Over the past three years, the two countries have made impressive progress on promoting private-sector investment and market reforms within the context of a high-level commission of public officials and private sector leaders operating under the chairmanship of President Mubarak and Vice President Gore. That level of partnership needs to be extended to other areas of the bilateral relationship. Indeed, institutionalizing full, frank and candid discussions at all levels of government with our Egyptian partners, complemented by private U.S.-Egyptian dialogues among businessmen, analysts and scholars, is an important way to deepen the U.S.-Egypt relationship and thereby improve U.S.-Egyptian cooperation.
- - Developing a common agenda and mission for the U.S.-Egyptian security relationship. The security relationship is important to both parties, as evidenced in the Gulf War. But it is important that the security relationship emerge from a common appreciation of regional threats and challenges. That is why the shape and composition of the \$1.3 billion annual U.S. military assistance package should be the product of thorough, ongoing consultations that reflect common approaches to dealing with the dominant threats to regional security. This should include detailed discussions regarding defense planning for contingencies that involve reversals in the peace process so as to protect against the renewed prospects of war; aggressive attempts by Iraq or Iran to intimidate other regional states; and deterioration of the internal security of states whose stability is central to both Egyptian and U.S. interests.

In this context, it is imperative that Egypt's leaders cease making public statements or taking actions (such as military maneuvers) which characterize Israel as a threat to Egyptian national security. Such statements and actions are patently unacceptable from a "major non-NATO ally," a signatory of the Egypt-Israel peace treaty and a recipient of significant U.S. military and economic assistance. This not only helps poison the atmosphere for Egyptian-Israeli relations and the Arab-Israeli peace process, but it also erodes the confidence that the United States can have in the direction of Egyptian strategic thinking.

- - Restructuring the economic relationship to promote a free market and U.S. private investment. For Cairo and Washington, the objective should be to build an economic relationship that will inter alia contribute to economic growth and reduce an important source of societal discontent and potential internal instability. Given the great strides Egypt has taken in structural reform in recent years, the significant growth in Egypt's own financial reserves and the impending completion of most AID-financed infrastructure projects in the country, now is the time to reshape the \$815 million economic assistance package to bolster the process of reform, cut back the huge AID bureaucracy in Cairo, and place the bilateral relationship on a healthier footing. As President Mubarak

has publicly recognized, this will entail reductions in U.S. economic assistance--not in pique and not solely in response to U.S. budget considerations, but to derive greater and longer-lasting benefit for Egypt from U.S. aid at lower cost. With this objective in mind, options for altering the economic package include:

- -- Debt Restructuring. Egypt still owes the U.S. government \$5.7 billion in old ESF and PL-480 loans, the debt service of which will be between \$350 million and \$450 million per year for the next 20 years. The United States could lessen this long-term financial burden by channeling a significant portion of current ESF funds to restructuring this debt to reflect its real market value.
- -- Increased Trade. The U.S.-Egypt trade balance overwhelmingly favors the United States. This is the result of many factors, including high levels of U.S. assistance, lack of exportable Egyptian goods, and U.S. trade barriers. Building on the promising work of the Gore-Mubarak Commission, Washington and Cairo must together commit themselves to increase bilateral trade and lessen this imbalance. Options to explore include a possible bilateral or regional free trade agreement, lowering U.S. trade barriers more rapidly, and additional support for privatization and post-privatization programs, such as capital market development. One innovative idea popular among Egyptian businessmen is to decrease economic assistance via a dollar-for-dollar trade off that matches cuts in aid with increased access to the U.S. market for Egyptian goods, especially textiles, that are currently restricted.
- -- Changing the Mix. This could involve deep cuts in the AID bureaucracy in Cairo with the transfer of some of the "saved money" to Egypt in the form of direct economic assistance, not project assistance. This would lower the overall amount of assistance but give Egypt the power to channel it according to its own wishes, reflecting the growing maturity of the bilateral economic relationship.

Mr. Chairman, shoring up the foundation of the U.S.-Egyptian relationship needs to be a top U.S. priority. Indeed, without Egypt as a full partner, the United States will be handcuffed in its effort to secure its wider interests in regional peace and stability. Many observers, however, view the rift between Washington and Cairo as already so deep and structural that the United States should consider punitive steps, such as cutting U.S. economic or military assistance. I disagree -- cuts for that reason are wrong and counterproductive; but cuts over time carefully designed to strengthen the long-term prospect for Egyptian political stability and economic prosperity are right and should be pursued.

At the same time, I believe it is essential that our dialogue with Egypt begin with a clear enunciation of the problem and highlight the need for Egypt to take urgent action to strengthen bilateral relations with the objective of correcting the image of the U.S.-Egyptian relationship as one of only periodic confluence of interests, not strategic partnership. Two areas where Egypt's political weight in the Arab world are crucial to U.S. interests are the promotion of Arab normalization with Israel and the maintenance of international sanctions on Iraq. On the one hand, Egyptian leadership in opposition of U.S. positions threatens to undermine vital U.S. interests and merits a full-scale review of our bilateral relationship; on the other hand, Egyptian leadership in support of U.S. positions on these issues would go far toward repairing frayed relations. Indeed, it is never too late for Egypt to warm its peace with Israel and for President Mubarak to finally end his fifteen-year boycott (except for the special circumstance of Prime Minister Rabin's funeral) and visit Israel. If, however, the gulf between U.S. and Egyptian positions on these (and other) critical issues widens, this could bring about the very breach in relations I fear is possible but I hope and believe can be avoided.

NOTES:

- 1. By way of truth-in-advertising, I am delighted to note that two members of this Committee -- Chairman Gilman and the Honorable Howard Berman -- served on the Steering Committee of the Presidential Study Group and offered their general endorsement of the recommendations therein, though they (and all PSG members) reserve positions on individual items discussed in the report.
- 2. Most recently this has included President Mubarak's refusal to attend the Washington summit arranged by President Clinton in October to salvage the Middle East peace process and in Egypt's "more- Palestinian-than-the- Palestinians" approach to the Hebron negotiations in December 1996/January 1997.

Robert Satloff is executive director of The Washington Institute. ❖

---

## RECOMMENDED

---



BRIEF ANALYSIS

### The UAE Formally Ceases to be a Tax-Free Haven

Feb 14, 2022

◆  
Sana Quadri,  
Hamdullah Baycar

(/policy-analysis/uae-formally-ceases-be-tax-free-haven)



BRIEF ANALYSIS

### Iran Takes Next Steps on Rocket Technology

Feb 11, 2022

◆  
Farzin Nadimi

(/policy-analysis/iran-takes-next-steps-rocket-technology)



BRIEF ANALYSIS

## Saudi Arabia Adjusts Its History, Diminishing the Role of Wahhabism

Feb 11, 2022



Simon Henderson

(/policy-analysis/saudi-arabia-adjusts-its-history-diminishing-role-wahhabism)

### TOPICS

U.S. Policy (/policy-analysis/us-policy)

### REGIONS & COUNTRIES

Egypt (/policy-analysis/egypt)