

## Cairo's Opportunity for Policy Change on the War in Ukraine

by [Ramy Aziz \(/experts/ramy-aziz\)](#)

Mar 10, 2022

Also available in

[العربية \(/ar/policy-analysis/frst-alcqahrt-llghyrr-syastha-bshan-ahlrb-fy-awkranya\)](#)

### ABOUT THE AUTHORS

[Ramy Aziz \(/experts/ramy-aziz\)](#)

Dr. Ramy Aziz is a researcher and analyst for the Middle East and international affairs. He is a research fellow at The Institute for the Study of Global Antisemitism and Policy (ISGAP).



Brief Analysis

### The Russian war on Ukraine poses challenges for Egypt's economic interests—but Egypt should look to its Western partners to ameliorate these impacts.

On March 1, the United States Embassy in Cairo website published a statement issued by the Group of Seven (G7) ambassadors in Cairo regarding Russian aggression against Ukraine. The statement—titled “[G7 Ambassadors: We Must Stand with Ukraine \(https://eg.usembassy.gov/g7-ambassadors-we-must-stand-with-ukraine/\)](#)”—called on Cairo to stand by international law based on United Nations principles and present a clear condemnation of the Russian attack on Ukraine. The statement likewise emphasized that Cairo is not removed from the damage caused by the Russian attack, as the repercussions will reach beyond Europe to the Middle East and North Africa, including Egypt.

The next day, in an emergency session of the UN General Assembly held for the [first time \(https://www.un.org/press/en/2022/ga12407.doc.htm\)](#) in 40 years, Egypt voted in favor of the UN resolution condemning the Russian invasion of Ukraine. The vote is a clear first sign from Egypt that it got the message sent by the G7 ambassadors.

Now, Cairo must decide whether it will continue to demonstrate a rejection of Russian aggression in Ukraine. Initially, the Ministry of Foreign Affairs issued a lackluster [statement \(https://gate.ahram.org.eg/News/3420636.aspx\)](#) discussing the importance of diplomacy and the language of dialogue. Egypt likely received special attention from the G7 states on shifting its stance because of its particular relevance as an influential country in the Middle East, and because Russia is trying to influence Egyptians and [portray them \(https://arabic.rt.com/middle\\_east/1332545-%D9%85%D8%AB%D9%82%D9%81%D9%88%D9%86-%D9%85%D8%B5%D8%B1%D9%8A%D9%88%D9%86-%D9%8A%D8%AF%D9%8A%D9%86%D9%88%D9%86-%D8%A7%D9%84%D8%B3%D9%8A%D8%A7%D8%B3%D8%A7%D8%AA-%D8%A7%D9%84%D8%BA%D8%B1%D8%A8%D9%8A%D8%A9-%D8%B6%D8%AF-%D8%B1%D9%88%D8%B3%D9%8A%D8%A7\)](#) as supporting its attack on Ukraine. Russian officials and media sources are spreading false news about Russian actions, while using language claiming that Egypt is a past and present [Russian ally \(https://arabic.rt.com/world/1332433-%D8%A8%D9%88%D8%AA%D9%8A%D9%86-%D8%A7%D9%84%D8%B3%D9%8A%D8%B3%D9%8A-%D8%A8%D8%A3%D8%B3%D8%A8%D8%A7%D8%A8-%D9%88%D8%A3%D9%87%D8%AF%D8%A7%D9%81-%D8%A7%D9%84%D8%B9%D9%85%D9%84%D9%8A%D8%A9-%D8%A7%D9%84%D8%B1%D9%88%D8%B3%D9%8A%D8%A9-%D8%AF%D9%88%D9%86%D8%A8%D8%A7%D8%B3-%D8%A7%D9%84%D9%85%D9%81%D8%A7%D9%88%D8%B6%D8%A7%D8%AA\)](#) in the region.

It is true that relations have grown between Russia and Egypt since Sisi came to power following the overthrow of the Muslim Brotherhood in 2013. Sisi received [unequivocal \(https://www.theguardian.com/world/2014/feb/13/vladimir-putin-backs-sisi-military-president-egypt-russia\)](#) political support from Putin at a time when relations between Egypt and Washington as well as Brussels were turbulent. Moscow likewise does not bring issues of freedoms and human rights into its dealings with Egypt, which is convenient for the Sisi regime. Putin has repeatedly attempted to exploit this relationship to [establish Russian influence \(https://www.washingtoninstitute.org/ar/policy-analysis/mhawlat-rwsya-almqlqt-itasys-nfwdhha-fy-msr\)](#) in Egypt and return it to Russia's orbit, as it was in the days of the Soviet Union.

These ties help explain Egypt's weak official position on the Russian attack on Ukraine. However, it is also important to recognize that Egypt's equivocal stance on Russia's brutal military campaign in Ukraine is shaped by a set of fears over the effect Russia can have on the country's economic stability. While these fears have some foundation, further assurances from the G7 and Cairo's own policy adjustments can ameliorate pressure Russia could exert on the Egyptian economy. This can allow Cairo to side with its strategic allies regarding a conflict where Russia has clearly demonstrated itself as the aggressor.

### Addressing Cairo's Fears

Egypt is one of the world's largest consumers and importers of wheat, and it is the country's most important strategic commodity. The state manages the issues of its availability and price with great sensitivity due to its direct impact on the stability of the regime.

Of the estimated [13 million tons \(https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Grain%20and%20Feed%20Annual\\_Cairo\\_Egypt\\_03-15-2021\)](#) Egypt imported during the 2020-2021 market year, Russia was the country's largest supplier and provided 7.56 million tons, followed by Ukraine with 1.9 million tons. In contrast, imports from the EU were less than 400,000 tons. Wheat consumption is expected to continue to rise due to population growth. According to statements by Egyptian Prime Minister Mostafa Madbouly, Egypt's strategic wheat reserves are currently [enough \(https://egyptindependent.com/egypt-has-four-and-a-half-months-in-wheat-reserves-official/\)](#) for four and a half months. Quantities supplied by local farmers during this period will supplement the reserves, allowing Egypt enough to last through the end of this year. Even so, the concern over losing access to Russian wheat is certainly a driving force behind current Egyptian policy.

However, Egypt has already started looking for alternatives to meet Egypt's needs. [According \(https://www.tahiamasr.com/683258/%D8%AE%D8%A8%D9%8A%D8%B1-%D8%A3%D8%B3%D9%88%D8%A7%D9%82-%D8%B9%D8%A7%D9%84%D9%85%D9%8A%D8%A9-%D9%84%D8%A7-%D8%AA%D9%88%D8%AC%D8%AF-%D8%A3%D8%B2%D9%85%D8%A9-%D9%82%D9%85%D8%AD-%D9%81%D9%8A-%D8%A7%D9%84%D8%B9%D8%A7%D9%84%D9%85-%D9%88%D8%A7%D9%84%D9%85%D8%B4%D9%83%D9%84%D8%A9-%D9%81%D9%8A-%D8%A7%D8%B1%D8%AA%D9%81%D8%A7%D8%B9-%D8%A7%D9%84%D8%A3%D8%B3%D8%B9%D8%A7%D8%B1\)](#) to Nader Noureddine, former advisor to the Minister of Supply, the Egyptian government is looking to import equal quantities of wheat from the United States, France, Canada, Australia, Kazakhstan, Brazil, and Romania. Addressing Egypt's import gap will be vital to ensuring that the regime feels secure enough to take a bolder stance.

Egypt is also heavily reliant on both Russian and Ukrainian tourists to boost its economy, with tourists from the two countries making up about a third of total annual visitors. Russia has also long used Russian tourism to Egypt as leverage against Cairo. After the bombing of a Russian plane over the Sinai Peninsula in 2015, Russia carried out punitive measures against Egypt in the tourism field, inflicting serious damage and heavy losses to this sector and those working in it, demonstrating its willingness to restrict tourism to enact policy change.

On the other hand, this period of restricted Russian travel to Egypt further emphasized the importance of Ukrainian tourism. Even during the first year of the COVID-19 pandemic in 2020, the Ukrainian embassy in Cairo announced that more than **727,000 Ukrainians** (<https://english.ahram.org.eg/NewsContent/50/1201/462076/AlAham-Weekly/Egypt/Ukraine-war-hits-tourism.aspx>) had visited Egypt for tourism, making up 21 percent of all foreign tourists who came that year. **According** (<https://irshadgul.com/egyptian-deputy-minister-of-tourism-tourism-revenues-exceeded-13-billion-dollars-in-2021/>) to the Deputy Minister of Tourism and Antiquities Ghada Shalaby, tourism revenues exceeded \$13 billion in 2021, returning to pre-pandemic levels after tourism declined by 70 percent the prior year.

Undersecretary of the Ministry of Tourism Magdi Selim **says** (<https://arabi21.com/story/1420334/%D9%83%D9%8A%D9%81-%D8%AA%D8%AA%D8%B6%D8%B1%D8%B1-%D8%A7%D9%84%D8%B3%D9%8A%D8%A7%D8%AD%D8%A9-%D8%A7%D9%84%D9%85%D8%B5%D8%B1%D9%8A%D8%A9-%D9%85%D9%86-%D8%AD%D8%B1%D8%A8-%D8%B1%D9%88%D8%B3%D9%8A%D8%A7-%D9%88%D8%A3%D9%88%D9%83%D8%B1%D8%A7%D9%86%D9%8A%D8%A7>) that “Ukrainian tourism had a major role in the continuation of tourism in Egypt in the years following the cessation of tourism in 2015, and it was the preferred destination for Ukrainians.” Atef Abdel Latif, a member of the Marsa Alam and South Sinai Investors Associations, **echoed** (<https://www.dostor.org/3721057>) this sentiment, saying “Ukraine is an important market for inbound tourism to Egypt—especially for the cities of the Red Sea, Marsa Alam, and South Sinai—and played a major role in creating tourist traffic in Egypt over the past five years.”

Russian aggression against Ukraine will deprive Egypt of this key revenue source for the Egyptian economy. However, this potential loss can be mitigated by working to increase Egypt’s share of tourists from nearby European markets—such as Germany, Britain, Italy, France, and Spain—as well as attracting more tourists from Eastern European countries. These are all practical alternative to Russian tourists, especially as Western European tourists tend to spend more per capita.

### Numbers don't lie

Though Russia can threaten to influence these key sectors, a broader look at Egypt’s economy emphasizes the much larger importance of the United States and the EU as trade partners overall. According to the state-owned newspaper *Al-Ahram* (<https://gate.ahram.org.eg/News/3209536.aspx>), the volume of Russian investments in Egypt as of 2021 was \$8 billion. Bilateral trade between the two countries, meanwhile, reached \$3.3 billion, including \$2.8 billion in Russian exports to Egypt and \$490 million in Egyptian exports to Russia.

In contrast, Minister Plenipotentiary Nasser Hamed, the Director of the EU Department at the Commercial Representation Authority, **noted** (<https://gate.ahram.org.eg/News/2809398.aspx#:~:text=%D9%82%D8%A7%D9%84%20%D8%A7%D9%84%D9%88%D8%B2%D9%8A%D8%B1%20%D8%A7%D9%84%D9%85%D9%84>) that “the EU is Egypt’s number one economic partner, accounting for 30 percent of foreign trade. EU countries receive about 26 percent of Egypt’s exports and take up 34 percent of all Egypt’s imports from the outside world.” He added that “the value of trade between Egypt and EU countries, as well as Britain, over the past year was recorded at about €26.4 billion, including €7.2 billion in Egyptian exports, down 21 percent as a result of the repercussions of COVID-19.” EU investments in Egypt also amount to \$16 billion, with this number increasing if European investments in gas and oil fields are included.

As for U.S. contributions to the Egyptian economy, “trade and investment relations are an integral component of Egyptian-American relations,” the Egyptian ambassador to Washington, Motaz Zahran, emphasized in an **interview** (<https://gate.ahram.org.eg/daily/News/203702/76/801850/%25D8%25AD%25D9%2588%25D8%25A7%25D8%25B1%25D8%25A7%25D8%25AA/%25D9%2585%25D8%25B9%25D8%25D8%25B2%25D9%2587%25D8%25B1%25D8%25A7%25D9%2586-%25D8%25B3%25D9%2581%25D9%258A%25D8%25B1-%25D9%2585%25D8%25B5%25D8%25B1-%25D9%2581%25D9%2589-%25D9%2588%25D8%25A7%25D8%25B4%25D9%2586%25D8%25B7%25D9%2586-%25D9%2584%25D9%2580%25C2%25AB-%25D9%2584%25D9%2584%25D8%25A3%25D9%2587%25D8%25B1%25D8%25A7%25D9%2585%25C2%25BB-%25D8%25B9%25D9%2584%25D8%25A7%25D9%2582%25D8%25A7.aspx>). The trade volume between the United States and Egypt reached \$9.1 billion in 2021, while American investments in Egypt reached \$21.8 billion—covering various industrial, service, construction, financing, agricultural, tourism, communications, and information technology sectors. This is not to mention the additional \$2.1 billion of annual U.S. military and economic aid to Egypt.

Moreover, the majority of international loans and aid that Egypt receives come from Western financial institutions, headed by institutions such as the International Monetary Fund (IMF), World Bank, and European Investment Bank. These institutions, in addition to Western countries such as Germany and France, are Egypt’s leading lenders and creditors. Therefore, while wheat and tourism are particularly sensitive issues, it is important for Cairo to remember the broader picture of its economic interests.

### Implications and recommendations

Egypt has justified its weak stance on the Russian invasion of Ukraine due to its fears over wheat, tourism, and trade. Egypt will likely be in dire need of Western support on these issues in the coming weeks if it pushes a harder stance against Russia. However, the G7 can ameliorate these concerns if it chooses, especially as Egypt’s interests in these fields still tilt towards G7 countries.

In choosing its next steps, Egypt must also remember that it needs Western political support on a number of sensitive issues, such as its ongoing concerns over water and the Renaissance Dam. At the beginning of this month, Anette Weber, the EU Special Envoy for the Horn of Africa and the Red Sea, stated during her visit to Egypt that “the EU will show more interest in the Renaissance Dam after the Russian war, because of our need for energy.” She also said the EU would make great efforts to resolve that crisis in a satisfactory way between Egypt, Sudan, and Ethiopia, and would make large investments in ports and water management projects. Moreover, Egypt could play an active role in meeting European energy needs in partnership with Israel, through existing bilateral cooperation in the energy field.

Speaking out against Russian aggression against Ukraine will likely create short-term challenges for Egypt. Yet the G7 statement must be seen as an opportunity for Egypt to correct its course regarding Russia and its relations with the West. Cairo must stop adopting vague and anemic stances on Russian aggression against Ukraine, or else understand that its risks losing Western support on more vital economic and political issues. ❖

---

## RECOMMENDED



BRIEF ANALYSIS

### [NATO Counterterrorism Trends: Current and Future Threats](#)

March 17, 2022, starting at 11:00 a.m. EDT (1500 GMT)

◆  
Gabriele Cascone

(/policy-analysis/nato-counterterrorism-trends-current-and-future-threats)



BRIEF ANALYSIS

## How Will the Ukraine Crisis Affect Middle East Policy?

Mar 10, 2022

•  
Anna Borshchevskaya,  
Soner Cagaptay,  
Grant Rumley

(/policy-analysis/how-will-ukraine-crisis-affect-middle-east-policy)



BRIEF ANALYSIS

## Arab Refugees Demand “Freedoms” the EU Is Granting Refugees from Ukraine

Mar 10, 2022

•  
Azhar Al-Rubaie

(/policy-analysis/arab-refugees-demand-freedoms-eu-granting-refugees-ukraine)