

# Back to the Bad Old Days

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Jun 23, 2015

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## Terrorism is taking root along the banks of the Nile, threatening to plunge Egypt into another lost decade.

**E**gypt was lucky that the June 11 suicide bombing in the popular tourist destination of Luxor only killed two policemen. During the 1997 attack in Luxor, 58 foreign tourists were killed. Egypt was spared another mass atrocity this time, but the incident is likely a harbinger of things to come. Indeed, just days before the Luxor blast, two policemen were gunned down at the Pyramids in Giza, just outside of Cairo.

These latest attacks highlight the deterioration of security in Egypt, a development that complicates efforts to improve the state's ailing economy, and threatens to undermine the regime of President Abdel Fattah al-Sisi.

Much of the problem stems from the Sinai. Over the past year, Sisi and the military have been unable to contain or roll back the Islamic State or ISIS-affiliated rebellion in the Sinai. The violence commenced with the 2011 toppling of longtime President Hosni Mubarak and has gotten progressively worse. To date, nearly 1,000 troops and policemen have died trying to contain the burgeoning insurgency in the Peninsula.

The violence, however, has not been limited to just the Sinai. In the past year alone, there have been nearly 200 attacks in Egypt outside of Sinai, including drive by shootings, grenade attacks, and the detonation of improvised explosive devices.

Reflexively, the Government of Egypt has attributed these acts of terrorism to the Muslim Brotherhood, which was banned following the July 2014 coup that removed the democratically elected Islamist President and brought Sisi to power. While the organization has yet to explicitly take credit for specific acts of terrorism, a January 2015 statement on the Brotherhood's website called for "a long uncompromising jihad" against the Sisi regime.

But the June 11 suicide bombing represents something new, a clear escalation of tactics and targets. Historically,

Egypt's Muslim Brotherhood has abjured from "martyrdom" operations. Luxor suggests that the Brotherhood is evolving, or that ISIS is expanding its operations west of the Suez Canal.

Either way, the onset of suicide operations beyond the canal represents a return to the 1990s, when Egypt battled a pernicious and persistent insurgency led by the Gama'a Islamiyya. During that decade, the Islamic Group -- led by the blind cleric Sheikh Omar Abdel Rahman -- wreaked havoc in Egypt, targeting policemen, government officials, Coptic Christians, and tourists, killing more than 1,200.

The human toll during that decade was high, but so was the economic cost. Throughout the 1990s, tourism -- which accounts for about 10 percent of the Egyptian economy -- stagnated at around 300,000 visitors a month. In 1998, the year after Luxor, tourism revenues dropped by more than 25 percent, to less than \$3 billion, and grew little until the smoke cleared from September 11, 2001. With the Islamic Group defeated, by 2011, foreign visitors to Egypt had skyrocketed to more than 1.5 million per month.

By 2013, two years after Mubarak's fall, the World Bank had ranked Egypt 140th -- last in the world, behind Pakistan and Yemen -- in terms of tourist safety. A year into the Sisi era, tourists had just started to return to Egypt. If last week's terrorist attacks become a commonplace occurrence, though, as in the 1990s, then the tourism numbers could again bottom out. And developments in the Sinai could make matters even worse.

On August 6, President Sisi will inaugurate a new 37-kilometer waterway, an \$8 billion project designed to increase the capacity of the Suez Canal. Canal revenues are another critical source of government revenue, accounting for nearly \$5.5 billion or 2 percent of GDP in 2014.

Two years ago in August, terrorists affiliated with al-Qaeda fired a rocket propelled grenade at a ship traversing the canal. Amazingly, the vessel did not sustain serious damage. But today, ISIS affiliates in the Sinai possess advanced Russian anti-tank weapons capable of scuttling a ship, effectively blocking Suez Canal traffic.

All of which is bad news for President Sisi, who has staked his legacy on resuscitating Egypt's economy. Above all else, tourism, canal revenues, and foreign direct investment in Egypt are dependent on re-establishing security.

After a difficult year, Washington appears to have come to terms with the coup and the Sisi presidency. In April 2015, the Obama Administration ended its long moratorium on weapons transfers and delivered ten Apache helicopters to Egypt. The transfer of still other purchased U.S. systems -- including 12 F-16 fighter jets -- could be delayed indefinitely, especially if the death sentence verdicts against several senior Muslim Brotherhood officials are carried out.

But Egypt's security -- whether in the Sinai or west of the Suez Canal -- isn't contingent on tanks, fighter jets, or attack helicopters. Like Mubarak in the 1990s, Sisi can succeed in quelling the insurgency, but only if he adopts a new approach.

One perennial challenge for Sisi is the Egyptian military's atavistic attachment to expensive legacy systems ill-suited for a counterterrorism campaign. Beyond equipment, Egyptian operations in the Sinai ignore hard-learned modern counterinsurgency techniques, employing (frequently excessive) kinetic strategies, rather than economic ones.

Despite prodding from Washington, Cairo has also stubbornly refused to reprogram U.S. military assistance dollars to secure its border with its failed-state neighbor, Libya. Closer to home, the state's draconian approach to the Muslim Brotherhood -- which won 50 percent of the parliamentary seats in the 2011-12 elections -- may need some tweaking as well.

Earlier this month in Cairo, an Egyptian general told me that the army was "winning" the war in Sinai. Despite assurances, victory is nowhere in sight in the Sinai, and terrorism is taking root along the banks of Egypt's Nile River.

Despite initial misgivings about the coup, the Obama Administration has backed Sisi's economic agenda, praising

his subsidy reforms and deploying Secretary of State Kerry in support of an investment conference in Sharm el-Sheikh this past March. None of this will matter much, however, if security continues to deteriorate. Absent a transition to modern counterterrorism tactics, Sisi's Egypt could be in for a long decade.

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