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ISSUE BRIEF

UNITED STATES SECURITY ASSISTANCE TO EGYPT

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Committee 3/ NWC
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ISSUE DEFINITION

Egypt ranks second only to Israel in terms of the amount of foreign aid provided by the United States. Approximately \$2.1 billion in military and economic assistance is provided annually. The majority of that aid (\$1.3 billion) is for security assistance programs. With the collapse of the Soviet Union's hegemony over Eastern Europe and the emergence of the new democracies in that region, there is now more demand than ever for the limited funds the United States has budgeted for foreign assistance. At the same time, the pressing U.S. budget deficit is making it difficult to free additional dollars for that purpose. Recently, Senator Bob Dole (R-KS) questioned the priority in foreign aid funds that Egypt (along with four other countries) have enjoyed for the past several years. He proposed a five percent cut in aid to those countries in order to free up funds for Eastern Europe and other regions of the world. This paper will focus on the U.S. security assistance program for Egypt. It will not address the problem of economic assistance. I propose to answer the following question: Should the U.S. security assistance program to Egypt be reduced?

BACKGROUND AND ANALYSIS

U.S. National Security Interests in the Middle East

Egypt's importance to the United States is tied directly to the importance this country has placed on the Middle East in relation to our national security interests. Alfred L. Atherton Jr., U.S. Ambassador to Egypt from 1979 to 1983, believes that our interests have been defined by successive administrations in "classic geopolitical terms-- the need for the United States and its allies to have unimpeded access to the sea and air routes and the energy resources of the area, and for America to have political influence and presence as a counterweight to the Soviet Union and

as a guarantee against Soviet domination." He contends that without these concerns, our relations with Egypt would be like those of any other Third World nation and would not demand anywhere near the same share of U.S. foreign assistance resources. An important and underlying dimension to U.S.-Egyptian relations is the regional Arab-Israeli conflict and the role Egypt plays in U.S. efforts to solve it. The 1988 Republican Party platform described Egypt "as a catalyst in the Arab world for advancing the cause of regional peace and security." Therefore, it went on to say, "we believe that the United States has a significant stake in Egypt's continuing economic development and growth. As the only Arab nation to have formally made peace with Israel, it is reaping the benefits." Thus, the United States has declared the Middle East an area of strategic importance. Consequently, it is keenly interested in preserving peace and stability in the region. For the past decade, Egypt has played a critical role in our ability to pursue our interests in that area

The Development of U.S.-Egyptian Relations

The relevant period of U.S.-Egyptian relations began in 1952 with the Egyptian revolution and the rise to power of Gamal Abdel Nasser, the first president of Egypt. Three issues influenced our relations with Egypt for more than 20 years: "the U.S.-Soviet struggle for influence in the Middle East, the Arab-Israeli conflict, and the rivalries and conflicts within the Arab world."¹ Conflicts over these issues, despite numerous attempts to develop better relations with Egypt, resulted in extreme ups and downs in these relations as each country responded differently to developments in the region. One result was Egypt's subsequent reliance on the Soviet Union for

¹ Alfred Leroy Atherton, Jr. "Egypt and U.S. Interests," FPI Policy Briefs, Mar 89, p 2

military and economic aid. The 1967 Arab-Israeli war, in which the Arab nations (and Egypt in particular) believed the U.S. was a major factor in Israel's overwhelming victory, resulted in Egypt and most other Arab countries severing diplomatic relations with the United States. Nevertheless, the U.S. played a key role in U.N. Security Council's November 1967 Resolution 242, which remains the only broadly accepted basis for a settlement of the Arab-Israeli conflict. Thereafter, the U.S. focused on Egypt as the key Arab country when pursuing peacemaking initiatives, but little progress was made in thawing U.S.-Egyptian relations until Anwar Sadat came to power after Nasser's death in 1970.

Even then, Sadat's first attempts to improve relations with the U.S. were made at a time when the U.S. was preoccupied with the war in Vietnam. As a result, little progress was made in his efforts to involve the U.S. in the Middle East peace process. In 1972, Sadat ejected the 15,000 Soviet advisors from Egypt and, in October 1973, teamed with Syria in launching a major military effort against Israel for the purpose of regaining territory lost in the 1967 war and restoring Arab honor. Although the fighting was halted before another loss at the hands of Israel, the initial Egyptian victories in the Sinai did much to restore Arab self respect and, most importantly, thrust the Middle East crises onto center stage for the United States. As a result, Egypt and the United States were able to develop shared goals and objectives towards a comprehensive Arab-Israeli peace settlement. Significant progress was made in the following years, culminating in the Camp David Accords in September 1978 and the Egyptian-Israeli peace treaty of 1979. But, Egypt paid a high price for progress. Sadat's bold moves were more popular with the U.S. than they were with Egypt's Arab neighbors and with many of its own population. Egypt was ousted from the Arab League which

greatly reduced its influence in the region. It also became heavily reliant on the United States in terms of political, economic, and military aid. Resentment from Egypt's hard-liners (concerning the treaty) and the subsequent failure of Sadat's economic reforms fueled political dissent at home and resulted in his assassination in 1981.

Sadat's successor, President Hosni Mubarek, has taken a more moderate policy course regarding Egypt's relations with the United States. Nevertheless, the U.S.-Egyptian relationship survived largely intact and has grown very close. Egypt relies heavily on the U.S. for economic assistance in handling its sluggish economy and huge foreign debt. In addition, since kicking the Soviets out in 1972, Egypt has increasingly relied on military aid from the United States in order to arm and equip its forces. As mentioned earlier, only Israel receives more U.S. assistance than Egypt. Israel receives just over \$3 billion a year and Egypt about \$2.1 billion-- "in line with an unwritten policy in Washington that Egypt is given a smaller share than Israel. This triangular relationship grew out of the Camp David accords-- in effect, the price of peace between the two countries. Aid to Egypt (but not Israel) is explicitly conditioned on its continued observance of the Camp David agreements and, a more recent stipulation, its pursuit of economic reforms."²

President Mubarak's middle of the road foreign policies have largely paid off. He has ensured that Egypt has maintained peace with Israel and has gradually regained Egypt's historic role as the leader of the Arab community. Most Arab countries have resumed diplomatic relations with Egypt. The only exception is Libya. Significantly, the other Arab nations

² Hoyt Gimlin, "Egypt's Strategic Mideast Role," Editorial Research Reports, Feb 24, 1989, p110-111.

came back to Egypt without Egypt reneging on its obligations under the Camp David agreements. Today, Egypt is the Arab's best hope, in conjunction with the United States, for advancing the Middle East peace process.

The military continues to play a key role in Egypt, both domestically and internationally. Leon T. Hadar, a Washington-based foreign policy analyst, recently asserted that Egypt's "ability to function as a regional power and as an ally of the United States will be determined by the structure and policies of its armed forces, which still continue to be the largest and most powerful military in the Arab world and black Africa." The effectiveness of the Egyptian military forces is heavily dependent upon U.S. security assistance.

U.S. Security Assistance

After kicking the Soviet Union out of Egypt in 1972, and the Soviet's subsequent refusal to resupply the Egyptian armed forces with equipment to replace combat losses in the 1973 war, Egypt turned to the West for most of its military needs. Egypt has attempted to diversify its military so that it would not be dependent on a single supplier. To a certain extent, it has succeeded. France, Brazil, China, and the United Kingdom have all sold equipment to Egypt. France, Saudi Arabia and the U.K. were also important financial sources for the modernization program. However, the U.S. has emerged as the major supplier of equipment and source of financial aid. Since 1985, U.S. aid has been in the form of grants. However, Egypt still has a foreign military sales debt to the U.S. of over \$4.5 billion for purchases made prior to 1985. Egypt has attempted to develop a defense industry of its own with moderate success, but for the most part is still heavily reliant on outside sources and is finding it increasingly difficult to service its debts.

Of primary concern to Egypt in procuring new equipment has been the need for modern jet fighters and armored vehicles, including tanks. One of the first sales from the U.S. after the Camp David meetings was for two squadrons of F-4Es for the Egyptian Air Force. This sale characterizes an important aspect of the U.S. security assistance program to Egypt. The F-4s were sold as much for their political impact as for their military practicality. A far more practical aircraft to sell Egypt would have been F-5s-- cheaper, easier to maintain, easier to fly, and still effective. However, the F-5 wasn't as capable as the F-4 which was the aircraft Israel had beaten the Egyptian Air Force with in 1973. Therefore, the U.S. delivered the F-4s to the Egyptian Air Force despite the fact that they were unable to support that type of weapons system and despite the cost. It was politically important for the Egyptians to possess the same quality of equipment as the Israelis. That thinking still drives a lot of the procurement decisions made today as the Egyptian armed forces acquire new F-16 fighters and are on the verge of receiving its first M-1 tanks. The result is that Egypt's actual combat capability, relative to the capability it had in 1973, has in many ways declined since acquiring Western equipment. The high cost of modern arms means that Egypt cannot replace its aging aircraft and tanks on a one-for-one basis. Unfortunately, it is still primarily interested in acquiring larger numbers of fighters and tanks and not interested enough in building the infrastructure in training and facilities it needs to properly support these systems.

The United States has benefited significantly from the security assistance program with Egypt. Sales of U.S. military goods have resulted in billions of dollars flowing into U.S. defense industries. In addition, other economic ties to the programs, such as the exclusive use of U.S. shipping

firms, have generated significant income for many more American companies. Strategically, Egypt has served us well as a deterrent force in the region. It provided aid to Iraq during the Iraq-Iran war and provides the U.S. with military facilities and bases for joint training and maneuvers in the region. Although reluctant to sign formal agreements with the U.S. which would guarantee access to military facilities, it has promised to make them available if any member of the Arab League requests U.S. assistance.

U.S. POLICY OPTIONS

The main question facing U.S. policy makers concerning U.S. security assistance to Egypt is whether to maintain the relatively high levels of assistance it has enjoyed for the past decade, or to reduce it in favor of freeing aid for other regions of the world.

Arguments for Reducing Security Assistance

Foremost among the reasons for considering a reduction in U.S. security to Egypt is that the world situation has changed radically in recent years. The Soviet Union, it can be argued, is no longer the threat to the Western world it once was-- it is focusing its attentions inward as it attempts to solve its domestic and economic crises at home. Just as the Soviet Union has given up its dominance in Eastern Europe, it follows that it will be less likely to challenge the United State's interests in the Middle East. Therefore, some believe, the U.S. can correspondingly reduce its presence in the region without fear of the Soviets trying to take advantage. With the demands of the drug war in Latin America, U.S. commitments to rebuild Panama, and the desire to provide aid to Eastern Europe, a reduction in aid to Egypt will free funds for use in these other areas.

Furthermore, despite its shortcomings, some argue that Egypt's armed forces are still the most capable in the Arab world and are more than

adequate to provide security against any threat in the region except for Israel. It is clear by our actions that the U.S. is not interested in Egypt or any other country in the region gaining equality with Israel. As long as aid to Israel is decreased proportionately with aid to Egypt, the relative balance of power will remain the same. Finally, I have illustrated that Egypt is not always capable of absorbing the level of military aid it is receiving now, so a reduction may not significantly impair efforts to modernize their armed forces. It might, instead, force them to pace their modernization at a more efficient and effective rate.

Arguments for Maintaining Current Assistance Levels

Despite the changing role of the Soviet Union in Europe, their role in the Middle East has not yet shifted significantly. They are still the primary arms supporter for Lybia, Syria, and Iraq. Regional instability continues. Lybia remains a worldwide terrorist threat, civil unrest in Lebanon is unchecked, Iran is as anti-American as ever and a threat to Western oil supplies, and the Arab-Israeli conflict (Palestine in particular) is a major cause of instability. Therefore, despite changes in other parts of the world, all the reasons we originally defined the Middle East as a region of strategic interest to the United States remain valid today and our presence is needed as much now as ever. Security assistance is essential to keep Egypt firmly in our camp. Failure of the U.S. to live up to what is perceived to be our commitments to Egypt under the Camp David accords will destroy U.S. credibility in the Third World and could have far reaching consequences.

The government of Egypt is heavily dependent upon its military to remain in power. Undermining U.S. support for the military also undermines the Egyptian government. Egypt is currently at a critical point in instituting unpopular economic reforms. Without the support of the military, these

reforms and the government will be doomed to failure. Finally, it has a real need to replace its old Soviet equipment and cannot do so without U.S. aid.

POLICY RECOMENDATIONS

Based upon the arguments above, I believe that the U.S. is obligated to stay the course with Egypt and continue security assistance at the current level. The Middle East remains one of the hotbeds of the world. The United States can ill afford to step back from its commitments in the region at this time and Egypt is critical to our efforts there. I do, however, believe that the use of U.S. security assistance funds needs to be reexamined in order to ensure that it is being put to use properly. Egypt should be encouraged to redirect its efforts away from purchasing only the newest, most advanced equipment and, instead, buy less complicated equipment at a rate that can be absorbed efficiently into the armed forces. That means placing more emphasis on the less glamorous requirements for technical training, pilot training, supply, logistics, and command and control systems. In addition, a refinancing plan to retire the \$4.5 billion foreign military sales debt needs to be negotiated. These efforts can make Egypt stronger faster and help ensure that it will remain a viable regional ally of the United States.