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# Egypt: Background and U.S. Relations

Updated May 2, 2023

**Congressional Research Service**

<https://crsreports.congress.gov>

RL33003



**RL33003**

May 2, 2023

**Jeremy M. Sharp**  
Specialist in Middle  
Eastern Affairs

## Egypt: Background and U.S. Relations

Historically, Egypt has been an important country for U.S. national security interests based on its geography, demography, and diplomatic posture. Egypt controls the Suez Canal, which opened in 1869 and is one of the world's most critical maritime chokepoints, linking the Mediterranean and Red Seas. As of 2023, an estimated 12% of global trade, including 7% of the world's oil, flows through the Suez Canal.

Egypt's population of more than 104 million people makes it by far the most populous Arabic-speaking country. Although today it may play a smaller political or military role in the Arab world than it has in the past, Egypt may retain some "soft power" by virtue of its history, media, and culture. Cairo hosts both the 22-member Arab League and Al Azhar University, which claims to be the oldest continuously operating university in the world and has symbolic importance as a leading source of Islamic scholarship.

Additionally, Egypt's 1979 peace treaty with Israel remains one of the most significant diplomatic achievements for the promotion of Arab-Israeli peace. While people-to-people relations remain limited, the Israeli and Egyptian governments have increased their cooperation against Islamist militants and instability in the Sinai Peninsula and Gaza Strip.

Since taking office, President Joseph Biden has balanced various considerations in his approach to U.S.-Egyptian relations, praising Egyptian diplomacy while signaling U.S. displeasure with Egyptian President Abdel Fattah al Sisi's continued domestic crackdown. In the two-and-a-half years since the United States started facilitating the historic Abraham Accords between Israel and various Arab states, Egypt, which has maintained its peace treaty with Israel since 1979, has earned praise from U.S. officials by increasing its diplomatic outreach to Israel.

Russia's February 2022 invasion of Ukraine and the ensuing war have negatively affected Egypt's food security, economy, and national budget. As a result, in late 2022, the International Monetary Fund (IMF) extended a \$3 billion, 46-month Extended Fund Facility to Egypt predicated on a number of key reforms, such as the privatization of state-owned companies, including military-run corporations. Egypt also is looking for additional financial support from the Gulf Arab States, such as Saudi Arabia, the United Arab Emirates, and Qatar. However, these states have made it clear that additional aid to Egypt will no longer be granted unconditionally.

Since 1946, the United States has provided Egypt with over \$87 billion in bilateral foreign aid (calculated in historical dollars—not adjusted for inflation), with military and economic assistance increasing significantly after 1979. Annual appropriations legislation includes several conditions governing the release of these funds. Successive U.S. Administrations have justified aid to Egypt as an investment in regional stability, built primarily on long-running cooperation with the Egyptian military and on sustaining the 1979 Egyptian-Israeli peace treaty. All U.S. military aid to Egypt finances the procurement of weapons systems and services from U.S. defense contractors.

For FY2024, the Biden Administration has requested \$1.4 billion in bilateral assistance for Egypt, the same amount Congress appropriated the previous year. Nearly all of the U.S. funds for Egypt come from the Foreign Military Financing (FMF) account. Over the past two years, the Biden Administration and Congress have reprogrammed a total of \$335 million in FMF originally designated for Egypt based on relevant provisions in appropriations law that withhold the obligation of a portion of FMF until the State Department certifies progress on democracy and human rights.

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## Overview

In 2023, Egypt's economy and government finances continue to face serious strain as a result of internal deficit spending and external shocks, such as Russia's invasion of Ukraine and rising global interest rates. This combination of unfavorable international conditions coupled with debt-fueled domestic spending, has made Egypt dependent on lenders. Unfavorable conditions in international credit markets are forcing the Egyptian government, led since the Egyptian military's 2013 seizure of power by President Abdel Fattah al Sisi (referred to herein as President Sisi), to turn to international financial institutions, such as the International Monetary Fund (IMF) and the wealthy, oil-rich states of the Gulf Cooperation Council (GCC) for support.

From 2016 to early 2022, the IMF extended \$20 billion in credit to Egypt, and GCC states have lent Egypt tens of billions of dollars since 2013. However, Egypt's international creditors may be more stringent in their lending terms going forward. An initial sign came in fall 2022, when the IMF extended a \$3 billion, 46-month Extended Fund Facility (EFF) to Egypt requiring a number of key reforms, such as the privatization of state-owned companies, including military-run corporations. Likewise, some GCC states have already indicated that potential future aid will not be unconditional, as they reportedly seek to acquire tangible Egyptian state assets with some value.<sup>1</sup>

IMF-mandated reforms and/or the sale of state assets could prove problematic for President Sisi. Despite overseeing an authoritarian regime that has regularly quashed domestic dissent, he may still be sensitive to public criticism, especially when it is directed toward Egypt's sovereignty and national pride – a long-running theme in the nation's post-colonial discourse. The next presidential election is scheduled for 2024. To date, no credible rival has emerged to challenge President Sisi.<sup>2</sup>

The Biden Administration's approach to Egypt has been to balance longstanding U.S.-Egyptian defense ties and U.S. appreciation for Egypt's continued cooperative relationship with Israel against the Sisi government's problematic human rights record. For example, President Biden has publicly praised President Sisi for his government's strong defense relationship with the United States and its role in serving as a key mediator between Israel and Hamas.<sup>3</sup> On the other hand, over the past two years, the Biden Administration and Congress have reprogrammed a total of **\$335 million in Foreign Military Financing (FMF)** originally designated for Egypt based on relevant provisions in appropriations law that withhold the obligation of a portion of FMF until the State Department certifies progress on democracy and human rights (**see below**). The Biden Administration also has tried to expand U.S.-Egyptian cooperation beyond the military sphere by focusing on environmental issues and water conservation, particularly in the run-up to and during the Egyptian-hosted November 2022 United Nations Climate Change Conference or Conference (commonly referred to as COP27).<sup>4</sup>

U.S. policymakers also are keenly aware of how great power competition in the Middle East affects U.S.-Egyptian relations. During Sisi's presidency, Egypt has diversified its military-to-

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<sup>1</sup> Vivian Nereim and Vivian Yee, "No More Blank Checks: Saudi Arabia Clamps Down on Regional Aid," *New York Times*, April 2, 2023.

<sup>2</sup> Economist Intelligence Unit, "Things to watch in Egypt in 2023," *ViewsWire*, December 2, 2022.

<sup>3</sup> The White House, Remarks by President Biden and President Abdel Fattah El-Sisi of Egypt Before Bilateral Meeting, November 11, 2022.

<sup>4</sup> The White House, Fact Sheet: President Biden Announces New Initiatives at COP27 to Strengthen U.S. Leadership in Tackling Climate Change, November 11, 2022.

military and trade relationships away from the United States to include closer relations with Russia, China, and European nations such as France, Italy, and Germany. Between 2018 and 2022, Egypt was the sixth-largest arms importer globally with Russia, Italy, and France being Egypt's principal suppliers.<sup>5</sup>

**Figure 1. Map of Egypt**



Source: CRS Graphics, CIA World Factbook.

## Historical Background

Since 1952, when a cabal of Egyptian Army officers, known as the Free Officers Movement, ousted the British-backed king, Egypt's military has produced four presidents: Gamal Abdel Nasser (1954-1970), Anwar Sadat (1970-1981), Hosni Mubarak (1981-2011), and Abdel Fattah al Sisi (2013-present). These four men have ruled Egypt with strong backing from the country's security establishment almost continually. The one exception has been the brief period of rule by Muhammad Morsi, who was affiliated with the Egyptian Muslim Brotherhood (**see below**). That organization has opposed single party military-backed rule and advocated for a state governed by a vaguely articulated combination of civil and *sharia* (Islamic) law. In general, the Muslim Brotherhood has been the most significant and abiding opposition during the decades of military-backed rule.

The one departure from Egypt's decades of military rule, the brief period in which Morsi ruled, took place between 2011 and 2013. Popular demonstrations dubbed the "Arab Spring," which had started in neighboring Tunisia, compelled the military to force the resignation of former President

<sup>5</sup> "Trends in International Arms Transfers, 2022," Stockholm International Peace Research Institute (SIPRI), March 2023.

Hosni Mubarak in February 2011. During this period, Egypt experienced tremendous political tumult, culminating in Morsi's one-year presidency. When Morsi took office on June 30, 2012, after winning Egypt's first truly competitive presidential election, his ascension to the presidency was expected to mark the end of a rocky 16-month transition period.<sup>6</sup> Proposed timelines for elections, the constitutional drafting process, and the military's relinquishing of power to a civilian government had been repeatedly changed, contested, and sometimes even overruled by the courts. Instead of consolidating democratic or civilian rule, Morsi's rule exposed the deep divisions in Egyptian politics, pitting a broad cross-section of Egypt's public and private sectors, the Coptic Church, and the military against the Brotherhood and its Islamist supporters.

The atmosphere of mutual distrust, political gridlock, and public dissatisfaction that permeated Morsi's presidency provided Egypt's military, led by then-Defense Minister Sisi, with an opportunity to reassert political control. On July 3, 2013, following several days of mass public demonstrations against Morsi's rule, the military unilaterally dissolved Morsi's government, suspended the constitution that had been passed during his rule, and installed an interim president. The Muslim Brotherhood and its supporters declared the military's actions a coup d'état and protested in the streets. Weeks later, Egypt's military and national police launched a violent crackdown against the Muslim Brotherhood, resulting in police and army soldiers firing live ammunition against demonstrators encamped in several public squares and the killing of at least 1,150 demonstrators. The Egyptian military justified these actions by decrying the encampments as a threat to national security.<sup>7</sup>

Since 2013, the power of President Abdel Fattah al Sisi has gone mostly unchallenged. President Sisi assumed office formally in June 2014 after winning a May 2014 election with 96% of the vote. In 2018, he was reelected for a second term, receiving 97% of all valid votes cast. Both elections were widely perceived as favoring Sisi.<sup>8</sup>

## Issues for Congress

### Egypt's Economic Crisis

While the international effects of Russia's 2022 invasion of Ukraine have been a major catalyst for the downturn in Egypt's economy, the war is not the only source of fiscal difficulty for Egypt. Prior to the war, Egypt had accrued significant foreign debt; deficit spending has supported subsidy programs, mega infrastructure projects, military spending, and social welfare programs to bolster public support for the Sisi government and to counter the effects of the COVID-19 pandemic. According to one Egyptian economist:

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<sup>6</sup> David Kirkpatrick, "Named Egypt's Winner, Islamist Makes History," *New York Times*, June 24, 2012.

<sup>7</sup> "Egyptian Cabinet Vows to Disperse Pro-Morsi Protest Camps," *The Guardian* (UK), July 31, 2013.

<sup>8</sup> In 2014, Democracy International conducted an observation mission and concluded: "Unfortunately, although Egypt's constitution guarantees freedom of speech and association, continued suppression of political dissent and restrictions on fundamental freedoms have prevented free political participation and severely compromised the broader electoral environment. This environment made a genuinely democratic presidential election impossible." See, Democracy International, *Egypt Presidential Election Observation Report*, July 2014. In 2018, a consortium of international human rights groups said Egyptian authorities had "trampled over even the minimum requirements for free and fair elections," and labeled the exercise "farcical." See, Human Rights Watch, "Egypt: Planned Presidential Vote Neither Free nor Fair," February 13, 2018.

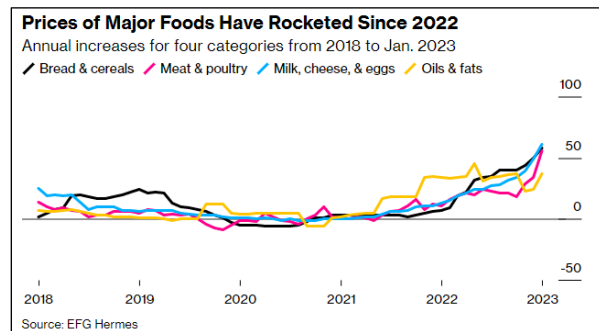
The fundamental problem is Egypt has been living beyond its means. It produces and sells to the rest of the world significantly less than it imports, which it finances through debt.... A lot of the state consumption comes outside the budget in the form of military investment. If you look at a lot of these megaprojects it's the military financing it.... They are adding to the import bill and creating a net outflow of dollars.<sup>9</sup>

Prior to Russia's invasion of Ukraine, Egypt had been considered a leading destination for emerging market capital due to its high yields on foreign currency-denominated and local bonds.<sup>10</sup> Changing risk calculation among foreign investors has been evident amid the war's fallout, inflation concerns, and slower global economic growth. The Egyptian government estimates that at least \$20 billion in foreign capital fled the Egyptian bond market in early 2022, as investors moved money out of emerging markets and into U.S. Treasury bonds.<sup>11</sup>

By late 2022/early 2023, Egypt faced shortages of hard currency and a serious budget financing gap. The government's external debt had reached \$155 billion with one financial firm estimating that Egypt would need to repay nearly \$100 billion in foreign and domestic debts over the next four years.<sup>12</sup> Servicing Egypt's debt consumes 45%-50% of the state's budget (some of the highest ratios in the world) and, in early 2023, Moody's downgraded Egypt's sovereign credit rating to B3 from B2. In January, the IMF reported that Egypt is facing a budget financing gap of \$17 billion over the next four years.<sup>13</sup> As of March 2023, Egypt is the second-largest IMF debtor (with \$13.4 billion outstanding IMF credit) after Argentina.<sup>14</sup> The 2022 IMF extended fund facility arrangement requires more stringent economic reforms than the previous three rounds of lending, including requirements for Egypt to permanently float its currency, privatize state-owned companies (including military-owned ventures), and slow investment in major public development projects.<sup>15</sup>

Despite IMF lending, Egyptians are experiencing financial hardships across income levels. Over the past year, the Egyptian currency (pound) has depreciated 50%, and annual headline inflation reached 32.7% in March 2023,

**Figure 2. Food Prices in Egypt**



Source: Bloomberg, February 16, 2023.

<sup>9</sup> Andrew England, "Egypt and the IMF: Will Sisi take the economy out of the military's hands?" *Financial Times*, October 31, 2022.

<sup>10</sup> Mirette Magdy, "Egypt Keeps the World's Highest Real Interest Rate," *Bloomberg*, April 28, 2021.

<sup>11</sup> "ANALYSIS-Egypt faces sharp rise in costs to finance proposed \$30 bln deficit," Reuters, May 16, 2022.

<sup>12</sup> Chao Deng, "Egypt Plans Spending Cuts as It Faces Economic Crisis," *Wall Street Journal*, January 12, 2023.

<sup>13</sup> Nada El Sawy, "IMF will help Egypt close \$17bn financing gap over next four years," *The National*, January 10, 2023.

<sup>14</sup> International Monetary Fund, Total IMF Credit Outstanding Movement from March 1, 2023, to March 7, 2023.

<sup>15</sup> International Monetary Fund, IMF Executive Board Approves 46-month US\$3 billion Extended Arrangement for Egypt, December 16, 2022.



just short of an all-time record.<sup>16</sup> To comply with IMF-mandated reforms, the Egyptian government also has raised some fuel prices by nearly 10%. Although the government has retained certain social-welfare programs for the 30% of the population in poverty, Egypt's poor and middle class have been particularly hard hit by cost of living increases (see **Figure 2**).<sup>17</sup> According to the World Bank, 60% of Egyptians can be classified as poor or vulnerable.<sup>18</sup>

President Sisi has acknowledged difficult economic circumstances, but also at times has sought to blame his country's financial woes on foreign factors.<sup>19</sup> Without reliable public opinion polling inside Egypt, it is difficult to ascertain public sentiment toward the government or President Sisi himself. According to one analysis, "It is increasingly common to hear criticism of the president in markets, taxis and cafés. A few well-connected Egyptians are quietly urging him not to run in next year's presidential election."<sup>20</sup>

Egypt also is relying on some Gulf Arab states to continue their support for Egypt's economy. As of early 2023, Egypt's foreign exchange reserves stood at \$34.35 billion, of which \$28 billion consists of deposits made by Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates (UAE).<sup>21</sup> These Gulf Arab states have assured the Egyptian Central Bank that their deposits would not mature before September 2026, and would not be used to buy equities or debt.<sup>22</sup>

Unlike previous instances of Gulf largesse toward Egypt that mainly involved cash infusions, Gulf Arab states also are seeking to purchase Egyptian state-owned assets or private companies.<sup>23</sup> According to Saudi Finance Minister Mohammed al-Jadaan, "We used to give direct grants and deposits without strings attached and we are changing that.... We need to see reforms. We are taxing our people. We are expecting also others to do the same, to do their efforts. We want to help but we want you also to do your part."<sup>24</sup>

At the same time, due to IMF-mandated reforms, Egypt has announced plans to privatize 32 state-owned companies over the next year (of which only two are military-owned). According to the Associated Press, as of April 2023, no state-owned company has been sold and business leaders and analysts are skeptical and expect the government and military to remain anti-competitive.<sup>25</sup> To date, there have been some Gulf acquisitions and investments in Egypt, though reports suggest that Saudi Arabia and other Gulf Arab states are holding off on additional transactions due to concern over the Egyptian pound's future value and a lack of transparency over the finances of certain Egyptian state-owned enterprises; in particular, Saudi officials have emphasized that the kingdom's aid to Egypt would no longer be unconditional.<sup>26</sup>

<sup>16</sup> "Egypt's headline inflation rate increased to 32.7% in March," Reuters, April 10, 2023.

<sup>17</sup> Samy Magdy, "In Egypt, government and poor struggle with troubled economy," Associated Press, March 1, 2023.

<sup>18</sup> Heba Saleh, "Egypt's economic woe spreads across all classes," *Financial Times*, February 16, 2023.

<sup>19</sup> "Egypt going through difficult circumstances, but we are in control of situation: Sisi," *Al Masry al Yawm*, January 20, 2023.

<sup>20</sup> "A crisis of confidence in Egypt," *The Economist*, January 24, 2023.

<sup>21</sup> "Cash-strapped Egypt sells state assets to Gulf nations," Agence France Presse, February 14, 2023.

<sup>22</sup> "Egypt commits to IMF to slow projects, increase fuel prices," Reuters, January 10, 2023.

<sup>23</sup> "Egypt Gets Gulf Help Again as Eyes Turn to Currency Flexibility," Reuters, April 4, 2022.

<sup>24</sup> Jon Gambrell, "Egypt's president praises UAE, seeking to heal Gulf aid rift," Associated Press, February 13, 2023.

<sup>25</sup> "Companies skeptical about Egypt's push to ease industry ties," Associated Press, April 12, 2023.

<sup>26</sup> Mirette Magdy and Sylvia Westall, "Gulf States Play Hardball Over Sending Billions to Rescue Egypt," *Bloomberg*, February 24, 2023.

### Egypt and China

As the People's Republic of China's (PRC or China) economic and political involvement in the Middle East deepens, it is possible that Egypt may seek PRC assistance in securing investment and debt relief in the years ahead. According to one report, the PRC is Egypt's fourth-largest creditor, with outstanding debts amounting to almost \$8 billion, representing approximately 5 percent of Egypt's total external debt of \$155.7 billion.<sup>27</sup> In March 2023, one PRC company, Xinxing Ductile Iron Pipes, announced a \$2 billion plan to operate iron and steel plants in the Suez Canal Economic Zone.<sup>28</sup> Within that wider zone lies a dedicated area at the Red Sea port of Ain Sokhna for Chinese and Egyptian "Economic and Trade Cooperation." However, while some Chinese companies may find Egypt desirable as a destination for manufacturing and export to Africa and Europe, the PRC government itself may be wary of lending Egypt additional funds. According to one report, the PRC may limit its loans to Egypt due to concerns over Egypt's economic woes.<sup>29</sup>

## Egyptian Cooperation with Israel

Following 30 years of intermittent war and enduring confrontation, Egypt's 1979 peace treaty with Israel remains one of the single most significant diplomatic achievements for the promotion of Arab-Israeli peace. Congress has long been concerned with the preservation of the peace treaty and has appropriated foreign assistance and exercised oversight to encourage both parties to maintain it. Since 2012, congressional appropriators have included a requirement in foreign operations appropriations legislation that before foreign aid funds can be provided to Egypt, the Secretary of State must certify that Egypt is meeting its obligations under the 1979 Egypt-Israel Peace Treaty.<sup>30</sup>

While people-to-people relations remain limited, Egypt and Israel have continued to find specific areas in which they can cooperate, such as containing the Palestinian group Hamas (a U.S.-designated terrorist organization) in the Gaza Strip, countering terrorism, and developing natural gas in the Eastern Mediterranean (**see sections below**).

Since 2020, when Israel reached various agreements to normalize or improve relations with the UAE, Bahrain, Sudan, and Morocco (known as the "Abraham Accords"), there has been a noticeable increase in Israeli-Egyptian bilateral contacts and multilateral summits. The primary diplomatic vehicle for implementing the Abraham Accords on a multilateral scale is the Negev Forum, which includes the United States, Israel, other Abraham Accords signatories, and Egypt.

## Egypt, Israel, and the Palestinians

Egypt's triangular relationship with Israel and Hamas in the Gaza Strip is complex. On the one hand, Israel and Egypt cooperate against Hamas in the Gaza Strip, as they have since Sisi's rise to power in 2013. In general, the Egyptian government is opposed to Islamist groups wielding political power across the Middle East.<sup>31</sup> On the Egyptian-Gaza border, Egypt has tried to thwart arms tunnel smuggling into Gaza<sup>32</sup> and has accused Palestinian militants in Gaza of aiding

<sup>27</sup> Khalil al Anani, "Egypt's Strategic Partnership with China: Opportunities and Implications," Arab Center, Washington DC, January 27, 2023.

<sup>28</sup> "China's Xinxing to invest \$2 bln in Suez Canal Economic Zone- Egyptian cabinet," Reuters, March 23, 2023.

<sup>29</sup> Grady McGregor, "China emerges as lead funder for Egypt's new administrative city," *Al Monitor*, December 20, 2022.

<sup>30</sup> See Section 7041(a)(1)(B) of P.L. 117-328, the Consolidated Appropriations Act, 2023. In addition to sustaining the treaty, the certification also requires Egypt to sustain its "strategic relationship with the United States."

<sup>31</sup> "How Israel and Egypt are Coordinating on Gaza," *Al Monitor*, July 12, 2018.

<sup>32</sup> The Egyptian military has taken a number of steps to stop smuggling tunnel construction beneath the Egyptian-Gaza

terrorist groups in the Sinai. On the other hand, in an acknowledgement of Hamas's entrenched rule in Gaza since 2007, Egypt couples its policy of containment with ongoing dialogue. Maintaining a relationship with Hamas has provided the Egyptian security and intelligence services an opportunity to mediate between Hamas and Israel and between Hamas and its rival Palestinian faction Fatah (led by Palestinian Authority President Mahmoud Abbas).

Egypt controls the Rafah border crossing into Gaza, making Rafah the only non-Israeli-controlled passenger entryway into the Strip, which Egypt periodically closes for security reasons. Control over the Rafah border crossing provides Egypt with some leverage over Hamas, though Egyptian authorities appear to use it carefully to avoid sparking a humanitarian crisis on their border.<sup>33</sup> Egypt also controls the Salah al Din Gate, a previously used crossing north of Rafah that opened for commercial use in 2018. According to one report, both Hamas and Egypt tax imported goods moving into Gaza through the gate, earning Hamas tens of millions of dollars per year in revenue.<sup>34</sup>

### Egypt and the new Israeli Coalition Government

The inclusion of ultra-nationalists within Prime Minister Benjamin Netanyahu's new Israeli coalition government, coupled with clashes in Jerusalem and escalating violence in the West Bank, raises questions as to how these developments may strain the Israeli-Egyptian bilateral relationship. In early January 2023, when Israeli National Security Minister Itamar Ben Gvir visited Jerusalem's Temple Mount/Haram al Sharif and drew condemnation from various Arab governments, press reports indicated that the Egyptian leadership in particular had been "embarrassed" by the visit and that such actions complicate Egypt's ability to mediate between Israel and Hamas. Egypt has worked in concert with other Arab countries and through the Cairo-based Arab League to condemn Israeli government actions Egypt perceives as provoking tension.

On February 26 in Aqaba, Jordan, U.S. senior officials met with counterparts from Jordan, Egypt, Israel, and the Palestinian Authority to, among other things, reaffirm "the necessity of committing to de-escalation on the ground and to prevent further violence." Egypt hosted another meeting in Sharm el Sheikh on March 19, 2023, in which "The Government of Israel and the Palestinian National Authority reaffirmed their joint readiness and commitment to immediately work to end unilateral measures for a period of 3-6 months."<sup>35</sup> Some Senators issued a press statement following the meeting in Egypt in which they "commended" the efforts by Jordan and Egypt to set the conditions for this process and for hosting these meetings.<sup>36</sup>

## Sinai Peninsula

Several terrorist groups based in the Sinai Peninsula (the Sinai) have been waging an insurgency against the Egyptian government since 2011. The Islamic State's Sinai Province affiliate (IS-SP) is the most lethal terrorist organization in the peninsula.<sup>37</sup> Since its inception in 2014, IS-SP has

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border. To date, it has destroyed numerous tunnels and created a "buffer zone" along the Gaza border by demolishing parts of Rafah city and flooding trenches in the area with seawater from the Mediterranean. The military also has erected concrete walls and barbed wire fencing along the buffer zone to protect against attacks from the Islamic State-Sinai Province. According to Human Rights Watch, which has criticized the military's actions, since 2013, a little less than one-quarter of all northern Sinai residents have been displaced or otherwise left the region as a result of the home demolitions and intensifying military hostilities. See, Human Rights Watch, "Egypt: Massive Sinai Demolitions Likely War Crimes," March 17, 2021.

<sup>33</sup> "For Hamas, Reconciliation with Egypt Worth More than Qatari Cash," *Al Monitor*, January 31, 2019.

<sup>34</sup> "New Gaza Crossing Raises Questions about Blockade Policies," PolicyWatch #3205, The Washington Institute for Near East Policy, October 23, 2019.

<sup>35</sup> U.S. Department of State, Joint Communique from the March 19 meeting in Sharm El Sheikh, March 19, 2023.

<sup>36</sup> Senate Foreign Relations Committee, Press Release, available at <https://www.foreign.senate.gov/press/dem/release/sfrc-chairman-menendez-colleagues-statement-on-recent-palestinian-authority-israel-meetings>.

<sup>37</sup> This group was formerly known as *Ansar Bayt al Maqdis* (Supporters of the Holy House or Partisans of Jerusalem).

attacked the Egyptian military repeatedly, targeted Coptic Christian individuals and places of worship,<sup>38</sup> and occasionally fired rockets into Israel.

Over the past several years, Egyptian counterterrorism efforts in the Sinai appear to have reduced the frequency of terrorist attacks.<sup>39</sup> To counter IS-SP in northern Sinai, the Egyptian armed forces and police have declared a state of emergency, imposed curfews and travel restrictions, and erected police checkpoints along main roads. Moreover, the Egyptian Army has enlisted local Sinai tribes in what is known as the Sinai Tribes Union to help buttress its own forces. Israel also has supported Egyptian efforts with information sharing and coordinated air strikes.<sup>40</sup> The Egyptian government also has used non-military means, such as increased economic development in the Sinai, in an effort to win support amongst the local population. In 2021, the government inaugurated in northern Sinai the world's largest agricultural wastewater treatment plant.

The 1979 Israeli-Egyptian peace treaty limits the number of soldiers that Egypt can deploy in the Sinai, subject to the parties' negotiation of changes to address particular circumstances (known as the Agreed Activities Mechanism). Egypt and Israel agree upon any short-term increase of Egypt's military presence in the Sinai and to the construction of military and/or dual-use infrastructure. Since Israel returned control over the Sinai to Egypt in 1982, the area has been partially demilitarized, and the Sinai has served as an effective buffer zone between the two countries. The Multinational Force and Observers, or MFO, which are partially funded by the United States, are deployed in the Sinai to monitor the terms of the Israeli-Egyptian peace treaty (see **Figure 3**).

In the Joint Explanatory Statement (Division K) accompanying P.L. 117-103, the FY2022 Consolidated Appropriations Act, lawmakers mandated that the State Department report Egypt's compliance with end-user monitoring agreements for the use of U.S. military equipment in the Sinai.

**Figure 3. The Sinai Peninsula**



**Source:** Multinational Force and Observers.

It emerged after the Egyptian revolution of 2011 and affiliated with the Islamic State in 2014. Estimates of its numerical composition range from 500 to 1,000. In Arabic, it is known as *Wilayat Sinai* (Sinai Province). Also referred to as ISIS-Sinai, ISIS-Egypt, and the Islamic State in the Sinai.

<sup>38</sup> In November 2018, IS-SP claimed responsibility for an attack against Coptic Christian pilgrims traveling to the monastery of Saint Samuel the Confessor 85 miles south of Cairo in the western desert.

<sup>39</sup> "Officer killed, 4 soldiers injured on Monday in potential 1st South Sinai militant attack since 2019," *Mada Masr*, March 1, 2023.

<sup>40</sup> James Trigg, "Islamic State Attack on Egyptian Forces Demonstrates Continued Insurgent Capabilities Despite Intensive Counterinsurgency," *Jane's Terrorism & Insurgency Monitor*, May 13, 2022.

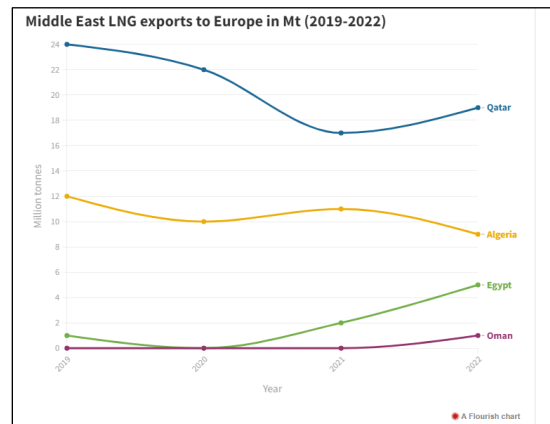
## Egyptian and Israeli Natural Gas Exports to Europe

With the EU poised to phase out purchases of Russian gas, Europeans are looking to various global suppliers to make up for lost supply. Egypt is the third-largest natural gas producer in Africa, following Algeria and Nigeria.

Some economists believe that, if Egyptian capacity can be increased, Egypt has the potential to account for 5%-10% of Europe's natural gas import needs.<sup>41</sup> In June 2022, the EU signed a trilateral gas supply agreement with Egypt and Israel. Egypt currently imports Israeli natural gas (at 85bcm over a 15-year period) and will re-liquefy Israeli gas at its two liquefied natural gas terminals at Damietta port for re-export to Europe.<sup>42</sup> However, lack of transport and processing capacity is a major challenge for Israel and Egypt in becoming significant suppliers to Europe (see Figure 4). There are two pipelines capable of transporting Israeli gas to Egypt, and Egypt's LNG facilities are working at maximum capacity to meet both domestic and foreign demand.<sup>43</sup> According to Egypt's Energy Minister Tarek el Molla, Egypt needs to produce more gas domestically and receive additional flows from Israel in order to maximize its LNG exports to Europe.<sup>44</sup>

In early 2023, Chevron and the Italian energy group Eni announced that they had made a significant discovery of off-shore natural gas off the coast of northern Sinai.<sup>45</sup>

**Figure 4. Egyptian LNG Exports to Europe**



Source: AI Monitor, February 2023

## Democracy, Human Rights, and Religious Freedom

U.S. officials and some Members of Congress have frequently criticized Egypt's record on human rights and democratization. The Egyptian government rejects foreign criticism of its human rights practices as illegitimate interference in Egypt's domestic affairs.<sup>46</sup> It also claims that it is taking tangible steps to improve its human rights record and broaden political participation by launching a national human rights strategy,<sup>47</sup> forming a Presidential Pardon Commission to release political prisoners, and launching a National Dialogue to allow some open discussion of political issues by a range of various actors (except for the Muslim Brotherhood which the Egyptian government designated as a terrorist group in 2013 after the military deposed an elected

<sup>41</sup> Economist Intelligence Unit, "Can Europe Fully Replace Russian Gas?," May 24, 2022.

<sup>42</sup> John Ainger and Alberto Nardelli, "EU, Egypt Near Gas Supply Deal in Shift Away From Russia," *Bloomberg*, June 3, 2022.

<sup>43</sup> Marc Espanol, "Egypt's Gas Imports from Israel Hit all-time High," *AI Monitor*, June 7, 2022.

<sup>44</sup> Salma El Wardany and Paul Wallace, "Egypt Sees 2025 as Earliest It Can Boost LNG Exports to Europe," *Bloomberg*, February 15, 2023.

<sup>45</sup> "Eni, Chevron announce new gas discovery in Egyptian East Med field," Reuters, January 15, 2023.

<sup>46</sup> "Egypt calls on US not to interfere in its affairs," *The Middle East Monitor*, March 15, 2019.

<sup>47</sup> Government of Egypt, State Information Service, Egypt and Human Rights, February 3, 2022.

Muslim Brotherhood-led government).<sup>48</sup> Certain practices of President Sisi’s government, the parliament, and the security apparatus have been the subjects of U.S. criticism, including Egypt’s detention and treatment of U.S. citizens. According to the U.S. State Department’s report on human rights conditions in Egypt in 2022:

Significant human rights issues included credible reports of: unlawful or arbitrary killings, including extrajudicial killings by the government or its agents, and by terrorist groups; enforced disappearance by state security; torture and cases of cruel, inhuman, or degrading treatment or punishment by the government; harsh and life-threatening prison conditions; arbitrary arrest and detention; political prisoners or detainees; transnational repression against individuals in another country; arbitrary or unlawful interference with privacy; serious abuses in a conflict, including reportedly enforced disappearances, abductions, physical abuses, and unlawful or widespread civilian deaths or harm; serious restrictions on free expression and media, including arrests or prosecutions of journalists, censorship, and the enforcement of or threat to enforce criminal libel laws to limit expression; serious restrictions on internet freedom; substantial interference with the freedom of peaceful assembly and freedom of association, including overly restrictive laws on the organization, funding, or operation of nongovernmental and civil society organizations; restrictions on freedom of movement; serious and unreasonable restrictions on political participation; serious government restrictions on domestic and international human rights organizations; gender-based violence and a lack of investigation and accountability for such crimes; crimes involving violence or threats of violence targeting lesbian, gay, bisexual, transgender, queer, or intersex persons; and significant restrictions on workers’ freedom of association.<sup>49</sup>

Select international human rights, democracy, and development monitoring organizations provide the following global rankings for Egypt (see **Table 1**).

**Table 1. Democracy, Human Rights, and Development Indicators**

Issue	Index	Ranking
Democracy	Freedom House, Freedom in the World 2023	“Not Free”
Press Freedom	Reporters Without Borders, World Press Freedom Index 2022	168/180 Countries
Corruption	Transparency International, Corruption Perceptions Index 2022	130/180 Countries
Human Development	United Nations Human Development Programme, Human Development Index 2021	97/191 Countries

**Sources:** Freedom House, Reporters Without Borders, Transparency International, and United Nations Human Development Programme.

## Gender Equality

Despite a constitutional provision affirming gender equality, Egyptian women do not enjoy the same legal rights and opportunities as men and experience widespread discrimination.<sup>50</sup> The World Economic Forum ranks Egypt 129<sup>th</sup> of 156 countries on the Global Gender Gap index; the

<sup>48</sup> “Egypt’s National Political Dialogue agrees on social issues to discuss, voices appreciation for pardons,” *Al Ahram*, July 30, 2022.

<sup>49</sup> U.S. Department of State, *2022 Country Reports on Human Rights Practices: Egypt*, March 20, 2023.

<sup>50</sup> Op. cit., U.S. Department of State, *2022 Country Reports on Human Rights Practices: Egypt*, March 20, 2023.

country performs in the bottom 10 countries on the measure of women’s economic participation and opportunity. The World Economic Forum notes that for 2022, “Egypt is another country impacted by an asymmetrical reduction of women’s labour-force participation.”<sup>51</sup>

According to the World Bank’s Women, Business, and the Law index, an annual study that evaluates the laws and regulations that affect women’s economic opportunity in 190 economies, Egypt’s score of 50.6 is lower than the regional Middle East and North Africa (MENA) average of 53.1. However, the 2022 report notes that Egypt for the first time issued a regulation (Decree No. 827/2021) to establish a help center for women victims of domestic violence.<sup>52</sup>

Violence against women and rampant sexual harassment persist in Egypt. According to a 2017 survey, nearly two-thirds of men in Egypt have sexually harassed women or girls in public.<sup>53</sup> Child marriage and female genital mutilation or cutting (FGM/C) are both practiced to some extent, despite laws against them. According to Amnesty International, “Authorities prosecuted women social media influencers for their conduct on social media.”<sup>54</sup>

## Coptic Christians

Most Egyptians are Sunni Muslims (perhaps 90%<sup>55</sup>). A relatively small percentage are Coptic Christians, and this minority has faced discrimination and persecution, from the government as well as from other citizens and terrorist groups.

Congress has at times urged the government of Egypt to protect this community, which is the largest population of Christians remaining in any single country in the Middle East and North Africa region. For example, in the 117<sup>th</sup> Congress, H.Res. 117, among other provisions, would have urged the Government of Egypt to enact “serious and legitimate reforms in the public sector, athletics, and society to ensure Coptic Christians are given the same rights and opportunities as all other Egyptian citizens.” In House Report Language (H.Rept. 117-84 accompanying H.R. 4373, the State, Foreign Operations, and Related Programs Appropriations Bill, 2022), appropriators directed the State Department to report on the steps the Egyptian Government is taking to ensure proper treatment and justice for Christian communities in Egypt. The Joint Explanatory Statement (Division K) accompanying P.L. 117-103, the FY2022 Consolidated Appropriations Act, mandated Federal departments to “comply with the directives, reporting requirements, and instructions contained in the H.Rept. 117-84 (House report).”

For years, the Coptic Christian community in Egypt has called for equal treatment under the law, and members of the community have won several court cases, beginning in 2019.<sup>56</sup> Since taking office, President Sisi has publicly called for greater Muslim-Christian coexistence and national unity. In January 2019, he inaugurated Egypt’s Coptic Cathedral of Nativity in the New

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<sup>51</sup> World Economic Forum, *Global Gender Gap Report 2022*, July 2022.

<sup>52</sup> World Bank, *Women, Business, and the Law 2022*, data as of October 1, 2021.

<sup>53</sup> Miriam Berger, “The Car Ad Tried to Extol its HD Camera. Instead, it Promoted Sexual Harassment in Egypt, Critics Say,” *Washington Post*, December 30, 2021.

<sup>54</sup> Amnesty International, *Amnesty International Report 2022/2023 State of the World’s Human Rights*, Egypt, 2023.

<sup>55</sup> The World Factbook, last updated April 18, 2023.

<sup>56</sup> See George Sadek, “Egypt: Court Grants Christian Woman Share of Father’s Estate Equal to Share of Her Two Brothers,” *Global Legal Monitor*, The Law Library, Library of Congress, January 9, 2020. See also, “Egypt court gives Coptic woman inheritance equivalent to the man,” *Egypt Independent*, April 11, 2023.

Administrative Capital east of Cairo saying, “This is an important moment in our history.... We are one and we will remain one.”<sup>57</sup>

Despite these public calls for improved interfaith relations in Egypt, the minority Coptic Christian community continues to face professional and social discrimination, along with occasional sectarian attacks. According to the 2022 U.S. Commission on International Religious Freedom report, “Acts of violence against individual Coptic victims, especially in rural areas, occurred in social environments with persistent imbalances in the treatment of perpetrators from the Muslim majority and their Coptic victims.”<sup>58</sup>

Terrorist attacks against Christian places of worship also continue to threaten the Coptic community. Suicide bomber attacks against Coptic cathedrals in 2011, 2016, and 2017 collectively killed over 95 people and injured hundreds of others. In April 2021, IS-SP posted a video depicting the group’s murder of a 62-year-old Copt from Bir al Abd in North Sinai.

Additionally, Coptic Christians have long voiced concern about state regulation of church construction. They have demanded that the government reform long-standing laws (some dating back to the nineteenth century) on building codes for Christian places of worship. Article 235 of Egypt’s 2014 constitution mandates that parliament reform these building code regulations. In 2016, parliament approved a church construction law (Law 80 of 2016) that expedited the government approval process for the construction and restoration of Coptic churches, among other structures. Although Coptic Pope Tawadros II welcomed the law,<sup>59</sup> some sources report that the approval process for new Coptic houses of worship is proceeding slowly.<sup>60</sup>

## Domestic Developments

### Domestic Politics

President Abdel Fattah al Sisi’s tenure appears to have been predicated on the idea that a sufficient segment of the public, exhausted after several years of unrest and distrustful of Islamist rule, remains willing to forgo democratic liberties in exchange for the rule of a strongman hailing from the military. The extent to which Egyptians’ political quiescence reflects endorsement of military rule or strategic silence in the face of suppression is impossible to quantify, given the closed political environment enforced by the current government. The authorities have limited dissent by maintaining a constant crackdown, which initially was aimed at the Muslim Brotherhood, but has evolved to cover a broader range of political speech, encompassing anyone criticizing the government.

While successive Egyptian presidents since 1952 were effective at centralizing power, both within the ruling system and outside it, certain institutions (judiciary, military) and individuals enjoyed a considerable degree of independence from the executive. However, under President Sisi, there has been arguably an unprecedented attempt to consolidate control over all branches of government while stymying opposition to his rule. In April 2019, voters approved amendments to

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<sup>57</sup> “Egypt’s Sisi Opens Mega-Mosque and Middle East’s Largest Cathedral in New Capital,” Reuters, January 6, 2019.

<sup>58</sup> Annual Report of the U.S. Commission on International Religious Freedom, April 2022.

<sup>59</sup> “HH Pope Tawadros II: Church Construction Law Corrected an Error and Bandaged Wounds,” Coptic Orthodox Cultural Center, September 1, 2016.

<sup>60</sup> Mohamed Ezz, “Protests, Arrests in Minya Village Point to Longstanding Discriminatory Policies over Church Permits,” *Mada Masr*, February 10, 2022.



the constitution that extend President Sisi's current term until 2024 and permit him to run for a third term, potentially keeping him in office until 2030. The amendments also granted the president the authority to appoint all chief justices of Egyptian judicial bodies and the public prosecutor. During summer 2019, President Sisi made those judicial appointments, leading one anonymous Egyptian judge to question this authority, saying that "The role of the judge is to be at arm's length from the executive, but this is inconsistent now with the fact the president of the republic is involved with a judge's transfer, promotion and accountability."<sup>61</sup> President Sisi also placed his older brother and oldest son in key security and intelligence positions, although his son is no longer in that role.<sup>62</sup>

Egypt's bicameral parliament consists of a 596-member House of Representatives (568 elected and 28 appointed by the president) and a 300-member Senate (200 of whom are elected, and 100 appointed by the president). According to Egypt's Political Rights Law, at least 25% of the elected seats in the House of Representatives are set aside for female candidates; 10% of all Senate seats are designated for women.<sup>63</sup> Women's right to vote was recognized in 1956, and women currently constitute 27.7% of representatives in the lower parliament and 13% of seats in the upper house.<sup>64</sup>

**Figure 5. President Abdel Fattah al Sisi**



**Source:** Egyptian State Information Service.

Parliamentary elections took place in late 2020 amidst a turnout estimated at less than 30%. *Mostaqbal Watan* (translated as either Future of the Homeland or Nation's Future)<sup>65</sup> emerged as the leading pro-Sisi party, with 316 seats in the House. When parliament began its work in early 2021, it featured the most women legislators in Egypt's history. Egyptian lawmakers overwhelmingly support the president's legislative agenda, as *Mostaqbal Watan* has become the successor to the now-defunct National Democratic Party (NDP), the former pro-government party of the late Hosni Mubarak. According to one observer, "Sisi's circle is presenting a democratic, pluralistic picture of this outcome, but in truth the legislature will be dominated by one major party surrounded by small parties that serve as window dressing, thereby mimicking an opposition just enough to occasionally channel the public's frustration at socioeconomic conditions. This is straight from the Mubarak playbook."<sup>66</sup> The next parliamentary elections are expected to take place in 2025.

<sup>61</sup> "Fears Over Egypt's Judiciary Abound after Sisi Appointments," Agence France Presse, August 21, 2019.

<sup>62</sup> Reportedly, President Sisi has since removed his son Mahmoud from the deputy head of the GIS. According to one controversial report in the Egyptian publication *Mada Masr*, Mahmoud Sisi lost his position in the GIS after the president's inner circle concluded that his reputation was harmful to the Sisi regime. See "President's Eldest Son, Mahmoud al-Sisi, Sidelined from Powerful Intelligence Position to Diplomatic Mission in Russia," *Mada Masr*, November 20, 2019. After *Mada Masr* published this account, security services temporarily detained an editor and two journalists and confiscated their personal electronics. See "Egypt News Outlet Raided after Report on Sisi's Son," *Financial Times*, November 24, 2019.

<sup>63</sup> See, Gender Quotas Database, International Institute for Democracy and Electoral Assistance (International IDEA), Stockholm, Sweden.

<sup>64</sup> Inter-Parliamentary Union, Monthly Ranking of Women in National Parliaments, accessed September 9, 2021.

<sup>65</sup> The party's website is available in English at <https://mostaqbal-watan.org/en/>.

<sup>66</sup> Haisam Hassanein, "Egypt's New Parliament: Reopening Political Life, But Only So Far," Policy Analysis, The

## Egypt's Foreign Policy

Though the bedrock of longstanding U.S.-Egyptian military cooperation has remained firm during Sisi's presidency, over the last decade of his rule, Egypt has diversified its military-to-military and trade relationships away from the United States to include closer relations with Russia, China, and European nations. As previously mentioned, Egypt also has relied heavily on financial support from the Gulf Arab states. As a country dependent on external sources of capital, food, tourism, and military equipment, Egypt's foreign policy under Sisi has been opportunistic and transactional. According to some analysts, countries such as Egypt perceive a shift in the balance of power away from the West and toward a more multipolar world.<sup>67</sup> Ideologically, Egypt has continued to oppose the Muslim Brotherhood, though over the past year, as Egypt has struggled economically, it has repaired its relations with Turkey and Qatar, two of the Muslim Brotherhood's primary foreign backers.

Participation in United Nations peacekeeping missions reflects Egypt's external role and sizeable military and brings in financial support and experience for its forces. Egypt is a longtime contributor of military personnel to U.N. peacekeeping missions. As of February 2023, Egypt is the 6<sup>th</sup>-largest contributor of uniformed military personnel to U.N. missions worldwide.<sup>68</sup>

## Russia and the War in Ukraine

Officially, Egypt has stressed the need for a political solution to end the military conflict in Ukraine "in a way that meets the interests of all parties."<sup>69</sup> Beyond its official position, Egypt has maintained its relationship with Russia, despite Russian atrocities in Ukraine and growing Iranian-Russian military ties. Egypt relies heavily on Russian grain imports, tourist visits, nuclear cooperation, and arms sales (**see text box below**).

In February 2023, Egypt submitted a request to formally withdraw from the Grains Trade Convention, which it signed in 1995 as a way of promoting grain trade and market transparency. Egyptian commentators claimed that Egypt withdrew from the international treaty due to its ineffectiveness to control global grain prices and Egypt's ability to secure grain supplies from partners such as Russia and India.<sup>70</sup> Another report indicated that Egypt owed the International Grains Council, which administers the treaty, membership fees.<sup>71</sup> In March 2023, Egypt hosted Mikhail Bogdanov, Russia's deputy foreign minister and President Vladimir Putin's special envoy to the Middle East, and Deputy Prime Minister Denis Manturov. The officials held talks on advancing civilian nuclear cooperation and Egyptian grain procurement.<sup>72</sup>

In 2015, Egypt purchased several dozen MiG-29 multirole fighters from Russia. Three years later, reports surfaced of Egyptian plans to purchase Russian Sukhoi Su-35 Multi-Role Fighter Aircraft, a move that could have potentially triggered U.S. sanctions under the Countering Russian

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Washington Institute for Near East Policy, January 26, 2021.

<sup>67</sup> "How to survive a superpower split," *The Economist*, April 11, 2023. See also, "Editorial: From Cairo to New Delhi," *Al Ahram*, January 17, 2023.

<sup>68</sup> United Nations, Contributions to UN Peacekeeping Operations by Country and Post, February 2023.

<sup>69</sup> "Lavrov praises Egypt's 'balanced stance' after FM Shoukry delivers Blinken message on Ukraine crisis," *Al Ahram*, January 31, 2023.

<sup>70</sup> "Growing Egypt-Russia relations," *Al Ahram*, March 15, 2023.

<sup>71</sup> "Egypt withdraws from UN grain treaty prompting sadness and concern," Reuters, March 9, 2023.

<sup>72</sup> "Egypt's Sisi discusses nuclear plant, grains trade with Russian officials," Reuters, March 19, 2023.

Influence in Europe and Eurasia Act of 2017 (CRIEEA; P.L. 115-44/H.R. 3364, Countering America’s Adversaries Through Sanctions Act [CAATSA], Title II—hereinafter referred to as CAATSA). However, subsequent reports suggest, in part due to U.S. pressure, Egypt canceled the Su-35 contract; Russia would now appear to be providing those planes to Iran as part of a wider military cooperation arrangement, in which Iran has supplied unmanned aerial vehicles to Russia for use in Ukraine.<sup>73</sup>

### Egyptian-Russian Relations under Sisi

Since President Sisi came to power in 2014, he has strengthened Egypt’s relationship with Russia. President Sisi turned to Russia during the Obama Administration, when the U.S.-Egyptian relationship became more strained (see the **Appendix**).<sup>74</sup> Egypt and Russia have strengthened their ties in a number of ways, including through arms deals and joint military exercises. To bolster Russia’s support for political forces in eastern Libya, Egypt and Russia reportedly have a basing agreement allowing reciprocal access to airfields and airspace.<sup>75</sup> Additionally, Egypt and Russia reportedly have expanded their cooperation on nuclear energy. In 2015, Egypt reached a deal with Russian state energy firm Rosatom to construct a 4,800-megawatt nuclear power plant in the Egyptian Mediterranean coastal town of Daba’a, 80 miles northwest of Cairo.

Various reasons could explain why Egyptian-Russian relations have improved under President Sisi, none of which are mutually exclusive. For one, President Sisi appears to have determined that Egypt’s national security interests are best served by having global powers compete for Egypt’s favor. As a lower-middle-income country with relatively high poverty and a military that relies on the appearance of strength for deterrence, Egypt seeks cost efficiencies for its military acquisitions. Part of Egypt’s rebalancing of its foreign policy may be seen as a quest to secure the most advanced military hardware on the most generous financing terms available. With U.S. FMF grants relatively unchanged since 1987 (Congress has appropriated \$1.3 billion a year since then), the purchasing power of U.S. military aid has decreased substantially given the rising costs of major defense systems. Moreover, U.S. defense technology, particularly in fighter aircraft, has evolved to the point where Egypt either cannot afford the latest generation of U.S. fighters (such as the F-35), lacks the technical know-how to maintain them, or may be prohibited from purchasing certain items if they negate Israel’s Qualitative Military Edge (QME).<sup>76</sup> Egypt has turned to Russia and France to source naval and air force acquisitions (including fourth-generation fighters, such as the *Rafale* from France) while using U.S. assistance to maintain its existing stocks of U.S. materiel. According to Stockholm International Peace Research Institute (SIPRI), from 2000 to 2009, Egypt’s major arms supplier was the United States, accounting for 75% of Egypt’s total arms imports; however, from 2010 to 2019, U.S. arms imports accounted for 23% of Egypt’s total arms imports.<sup>77</sup>

## Libya and Turkey

Since the 2011 uprising that toppled long-time authoritarian leader Muammar al Qadhafi, Egyptian policy in Libya has focused on securing its western border, protecting its citizens working in Libya, and supporting eastern Libya-based political and military forces. During Libya’s period of internal conflict (2014-2020), Egypt intervened militarily to strike armed Islamist groups in eastern Libya and provided diplomatic and material support to Field Marshal Khalifa Haftar and the Libyan National Army (LNA) movement. The LNA still controls eastern Libya and much of southern Libya despite its unsuccessful attempt to seize the capital between 2019 and 2020. Although Egypt’s support to Haftar and the LNA has been limited, Haftar’s priorities align with President Sisi’s to a certain extent, as both men hail from the military and broadly oppose Islamist political forces. Egypt has also sought to limit Turkish influence in

<sup>73</sup> Grant Rumley, “What the Russia-Iran Arms Deals Mean for the Middle East,” *ForeignPolicy.com*, April 19, 2023.

<sup>74</sup> “Analysis: Egyptian Air Force Modernization,” *Jane’s International Defence Review*, November 10, 2016.

<sup>75</sup> Adam R. Grissom, Samuel Charap, Joe Cheravitch, Russell Hanson, Dara Massicot, Christopher A. Mouton, and Jordan R. Reimer, *Russia’s Growing Presence in Africa*, RAND Corporation, 2022.

<sup>76</sup> See CRS Report R46580, *Israel’s Qualitative Military Edge and Possible U.S. Arms Sales to the United Arab Emirates*, coordinated by Jeremy M. Sharp and Jim Zanotti.

<sup>77</sup> Alexandra Kuimova, “Understanding Egyptian Military Expenditure,” SIPRI Background Paper, October 2020.

Libya, which it apparently considers destabilizing. Turkey's military intervention in Libya helped blunt Haftar's campaign to seize power. In general, Turkey's support for Islamist movements in several countries, including the Egyptian-outlawed Muslim Brotherhood, has long been a strain in their bilateral relationship.

Recent improvements in Egyptian-Turkish relations may signal some possible cooperation on resolving the Libya political impasse. Egypt may now have economic incentives to cooperate on international efforts to unify Libya. According to Ben Fishman, a Libya expert at the Washington Institute for Near East Policy:

For its part, Egypt may now have greater motivation to help stabilize Libya given its increasingly dire economic crisis back home, which has included extreme currency devaluation, rising inflation, and shortages of basic goods. The question is whether Cairo still prefers to maintain the east Libyan political status quo or reap the economic benefits of a stable Libyan government—most notably in the form of hundreds of thousands of jobs for Egyptian workers, as was the case before the 2011 revolution. Libya has also reportedly offered to stabilize the Egyptian pound by providing deposits in its central bank.<sup>78</sup>

However, according to one report, Egypt seeks tangible Turkish action to improve bilateral relations, such as the closing of Muslim Brotherhood media outlets based in Istanbul and the withdrawal of Turkish-backed Syrian militias from Libya.<sup>79</sup>

## The Nile River, Ethiopia, and Sudan

Egypt relies on the Nile River<sup>80</sup> (see **Figure 6**) for hydroelectricity, agriculture, and most of its domestic water needs, and thus treats restrictions to the flow of the Nile from upstream countries as an existential issue. According to the United Nations, “Egypt’s dependency ratio is one of the world’s highest with 96.9 percent of the total renewable water resources flowing into the country from neighboring countries. The total renewable water resources per capita stands at 700 m<sup>3</sup>/year/capita in 2014, but considering population growth is expected to drop below the 500 m<sup>3</sup> threshold of absolute water scarcity by 2030.”<sup>81</sup> Experts predict climate change will increase the frequency of hot and dry years for farmers along the Nile.<sup>82</sup>

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<sup>78</sup> Ben Fishman, “Changing Egyptian-Turkish Dynamics May Create Opportunities for Libya,” The Washington Institute for Near East Policy, February 21, 2023.

<sup>79</sup> Shahira Amin, “Egypt-Turkey normalization: Cairo’s perspective,” Atlantic Council, April 11, 2023.

<sup>80</sup> The Nile is the longest river in the world (4,184), stretching from Kenya’s Lake Victoria to the Mediterranean Sea. The Blue Nile and White Nile merge in Sudan before flowing into Egypt.

<sup>81</sup> Food and Agriculture Organization of the United Nations (FAO), FAO. 2016. AQUASTAT Country Profile—Egypt.

<sup>82</sup> Declan Walsh and Somini Sengupta, “For Thousands of Years, Egypt Controlled the Nile. A New Dam Threatens That,” *New York Times*, February 9, 2020.

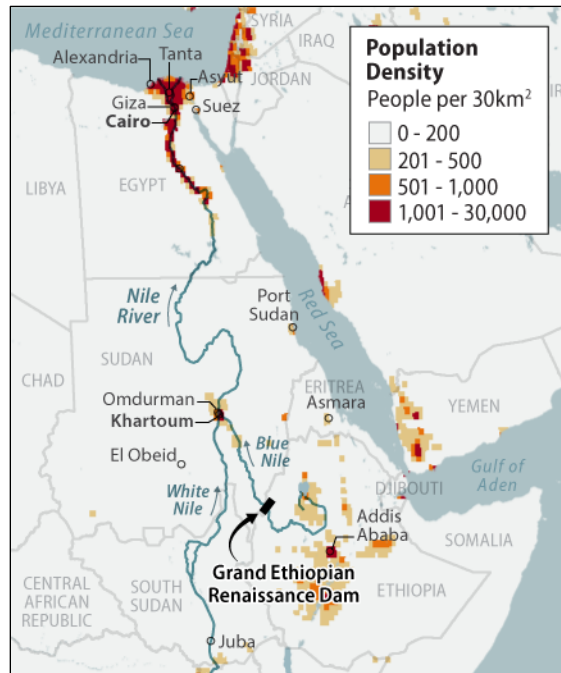
The government has been at odds with Nile Basin countries to Egypt's south that seek to revisit colonial-era treaties governing the allocation of Nile waters. Tensions are particularly strong with Ethiopia (population 110 million), which operates the \$4.2 billion Grand Ethiopian Renaissance Dam (GERD), a major hydroelectric project on the Blue Nile, which starts in Ethiopia. Egypt argues that the dam, once filled, will limit the flow of the Nile below Egypt's share,<sup>83</sup> as agreed upon in a 1959 Egyptian deal with Sudan (of which Ethiopia was not part).<sup>84</sup> Ethiopia claims that the dam, which would double its electricity generating capacity, is critical to its efforts to eradicate poverty.

After years of failed talks, Egypt, Ethiopia, and Sudan continue to disagree over how long Ethiopia should take to fill the dam, as well as how much water should be released from the GERD on an annual basis, particularly during prolonged droughts.<sup>85</sup>

### Conflict in Sudan

In the wake of fighting that broke out in Sudan in April 2023 between the Sudanese military, led by Lt. Gen. Abdel Fattah al Burhan (who was trained in Egypt and Jordan), and the Rapid Support Forces (RSF), a state-sponsored militia led by Lt. Gen. Mohamed Hamdan Dagalo (who has ties to Libya's Khalifa Haftar), Egypt publicly called for a cease-fire while reportedly privately supporting Burhan's forces. According to one account, Egyptian policy in Sudan is to support a military-led government similar to its own, maintain a united Egyptian-Sudanese front on the Nile River dispute against Ethiopia, and deter the RSF from further developing close relations with outside powers, such as Russia.<sup>86</sup> In 2021, Egypt and Sudan signed a military cooperation agreement covering training and border security.<sup>87</sup>

**Figure 6. The Nile River**



Source: CRS Graphics.

<sup>83</sup> "Egypt Denounces Ethiopia for Moving Ahead with Nile Dam Amid Water: Shortage Fears," Reuters, October 3, 2019.

<sup>84</sup> International agreements on apportioning the flow of the Nile River date back to the British colonial period when some Nile riparian countries were not parties themselves to the agreements. The last major agreement, the 1959 Nile Waters Agreement between Egypt and Sudan, divided the entire average annual flow of the Nile between Egypt and Sudan. Ethiopia was not part of this agreement. The 1959 agreement revised Egypt's share of the Nile waters upward from a previous arrangement reached between Egypt and the British colonial authorities in Sudan, which also excluded Ethiopia.

<sup>85</sup> Eric Reguly, "Why Egypt Sees a Massive Dam in Ethiopia as a Matter of Life and Death," *The Globe and Mail* (UK), June 7, 2022.

<sup>86</sup> David Pilling, Andrew England, and Andres Schipani, "Risk of regional powers picking sides raises stakes in battle for Sudan," *Financial Times*, April 19, 2023.

<sup>87</sup> "Egypt and Sudan hold joint military drills as Nile dispute with Ethiopia drags on," *Al Monitor*, April 4, 2023.

When the April 2023 conflict began, the RSF seized a military base north of Khartoum, capturing several Egyptian MiG-29 aircraft and seizing over 170 Egyptian soldiers who the Egyptian government said had been deployed to Sudan for training exercises.<sup>88</sup> Several days later, the Egyptian soldiers were repatriated.

As fighting continued, Sudanese citizens and foreign nationals were evacuated or fled to Egypt for safety by the thousands, many encountering difficult conditions and long waits at the border. Prior to the outbreak of the conflict, Egypt already was home to an estimated four to five million Sudanese, most of whom are economic migrants seeking to improve their livelihoods.<sup>89</sup> Sudanese women, children, and men over the age of 50 may enter Egypt without a visa; men under the age of 50 must obtain a visa at border checkpoints.<sup>90</sup> Egypt also took steps to evacuate its own citizens.

## U.S.-Egyptian Relations

### Key Components

At a broad level, the United States government views the stability of Egypt, the most populous country in the Middle East, as pivotal to regional stability, and therefore maintains a security partnership to strengthen Egypt's armed forces and its ability to combat terrorism.<sup>91</sup> According to a joint statement issued after President Biden's meeting with President Sisi in Jeddah, Saudi Arabia in July 2022:

The decades-long U.S.-Egypt defense partnership remains a key pillar of regional stability. Both Presidents affirmed the importance of this partnership, which serves the interests of both countries. President Biden reiterated that the United States aims to continue to support Egypt in providing for its own defense, including through the continued provision of security assistance in consultation with the U.S. Congress. Both Presidents affirmed their commitment to cooperate on counter-terrorism and welcomed the notable achievements of the Global Coalition to Defeat ISIS. President Al Sisi expressed Egypt's appreciation for military equipment and security assistance from the United States.<sup>92</sup>

In September 2021, 600 U.S. service personnel from CENTCOM participated in Operation Bright Star, a biennial multinational military training exercise cohosted by the United States and Egypt that, since the early 1980s, has helped foster the interoperability of U.S. and Egyptian forces.<sup>93</sup>

The U.S.-Egypt Military Cooperation Committee (MCC) is the primary vehicle for official engagement between the U.S. Department of Defense and Egypt's Ministry of Defense. In 2022, both sides held their 33<sup>rd</sup> MCC defense dialogue to discuss border and maritime security, counterterrorism, and interoperability between U.S. and Egyptian forces.<sup>94</sup>

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<sup>88</sup> Vivian Yee, "Egypt an ally of Sudan's military, scrambles to respond to the unrest," *New York Times*, April 16, 2023.

<sup>89</sup> "Sudan crisis: Egypt's dilemma over the fighting," British Broadcasting Corporation (BBC), April 23, 2023.

<sup>90</sup> "Sudanese brave harrowing desert journeys to safety in Egypt," Agence France Presse, April 25, 2023.

<sup>91</sup> U.S. Department of State, Joint Statement on the U.S.-Egypt Strategic Dialogue, November 9, 2021.

<sup>92</sup> The White House, Joint Statement Following Meeting Between President Biden and Egyptian President Abdel Fattah Al Sisi in Jeddah, July 16, 2022.

<sup>93</sup> U.S. Department of Defense, United States Central Command, Readout from Gen. McKenzie's Visit to Egypt, September 11, 2021.

<sup>94</sup> U.S. Department of Defense, 33<sup>rd</sup> U.S.-Egypt Military Cooperation Committee (MCC), September 15, 2022.

Another key U.S. component of U.S.-Egyptian military cooperation has been expedited naval access through the Suez Canal. The Egyptian government has long provided U.S. warships with the courtesy of front-of-the-line access to the Canal for expedited passage.<sup>95</sup> After the March 2021 temporary blockage of the canal by a stranded container ship, U.S. officials have reiterated the importance of open access to the canal for commercial trade and military operations.<sup>96</sup> In April 2021, Egypt joined the U.S. Naval Forces Central Command's Combined Maritime Forces,<sup>97</sup> a 34-nation naval partnership to combat terrorism, prevent piracy, and encourage regional cooperation.

Successive Administrations also have expressed admiration for Egypt's role in Middle East peacemaking. After their meeting in July 2022, President Biden "expressed support for Egypt's vital leadership and historic role in promoting peace and an end to the [Israeli-Palestinian] conflict, thereby expanding the circle of peace between Israel and its Arab neighbors and globally, as well as preserving sustainable calm between Israelis and Palestinians."<sup>98</sup> Since 1982, the United States has continued to participate in the Sinai Peninsula peacekeeping and monitoring mission, known as the Multinational Force and Observers (MFO).<sup>99</sup>

Though military-to-military relations remain the backbone of the bilateral relationship, the United States and Egypt seek opportunities to expand trade and investment deemed mutually beneficial. Despite having the largest population in the Middle East, Egypt ranks as the region's fifth-largest economy by GDP (behind Turkey, Saudi Arabia, the UAE, and Israel). By total 2022 volume of trade, Egypt ranks as the 54<sup>th</sup>-largest U.S. trading partner, at \$9.4 billion (see Error! Reference source not found.).<sup>100</sup> Egypt is the largest export market for U.S. goods in Africa.

Since 2004, Egypt has participated in the Qualified Industrial Zone (QIZ) program, a trade arrangement that provides duty-free access to the U.S. market for goods produced with certain levels of Israeli and Jordanian; Israeli and Egyptian; or Palestinian content.<sup>101</sup> Under the U.S.-Egypt QIZ program, the United States waives duties on Egyptian imports if the value of the imports include 10.5% Israeli content. In 2021, QIZ exports to the United States were \$1.2 billion; textile and apparel exports represented 94% of all of Egypt's QIZ exports.<sup>102</sup>

Overall, the United States has a trade surplus with Egypt and exports wheat and corn, mineral fuel and oil, machinery, aircraft, and iron and steel products. U.S. imports from Egypt include apparel,

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<sup>95</sup> While the Suez Canal Transit Authority provides the U.S. Navy with expedited passage, the United States, like other foreign nations transiting the canal, pays the authority fees for transit, tug boat assistance, late fees, and port dues.

<sup>96</sup> See testimony of Acting Under Secretary of Defense for Policy, Department of Defense, Amanda Dory in House Armed Services Committee *National Security Challenges and U.S. Military Activities in the Greater Middle East and Africa*, hearing, April 20, 2021. See also John Bowden, "Pentagon: Suez Canal Stoppage May Impact Transit of Military Vessels," *The Hill*, March 28, 2021.

<sup>97</sup> See <https://www.cusnc.navy.mil/Combined-Maritime-Forces/>.

<sup>98</sup> Op.cit., The White House, July 16, 2022.

<sup>99</sup> See CRS Insight IN11403, *Possible Withdrawal of U.S. Peacekeepers from the Sinai Peninsula*, by Jeremy M. Sharp. P.L. 116-283, the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, includes Section 1292, which requires the Secretary of Defense to notify Congress of any planned withdrawal of U.S. troops that would bring total U.S. military participation in the MFO below 430 soldiers.

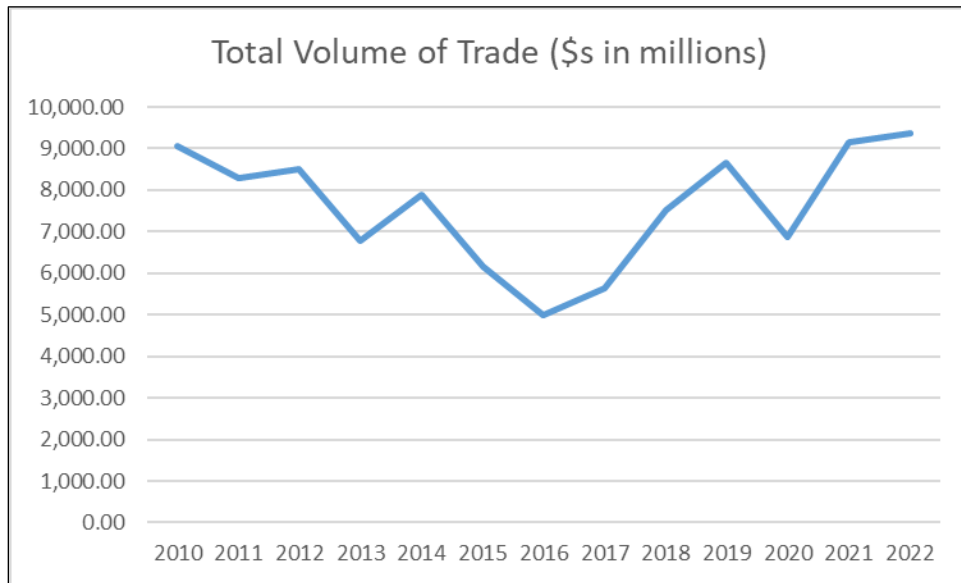
<sup>100</sup> U.S. Census Bureau (accessed via Trade Data Monitor), 2022 values.

<sup>101</sup> Congress passed the Qualifying Industrial Zone (QIZ) program in 1996, as an amendment to the U.S.-Israel Free Trade Agreement (USIFTA) implementing legislation. P.L. 104-234 amended the U.S.-Israel Free Trade Agreement Implementation Act, P.L. 99-47, June 11, 1985, U.S.C. 2112 note.

<sup>102</sup> U.S. Department of Commerce, International Trade Administration, Egypt Country Commercial Guide, Updated August 8, 2022.

natural gas and oil, fertilizers, textiles, and agricultural products.<sup>103</sup> According to the U.S. Department of Commerce’s Egypt Country Commercial Guide, U.S. foreign direct investment (FDI) in Egypt was \$2 billion in 2021 (latest data available), making the United States the third-largest foreign investor in Egypt, behind the United Kingdom and Belgium. Most FDI from the United States is concentrated in the oil and natural gas sectors.<sup>104</sup>

**Figure 7. U.S.-Egyptian Bilateral Trade 2010-2021**  
(not seasonally adjusted)



Source: U.S. Census Bureau.

## Conditioning U.S. Foreign Assistance to Egypt

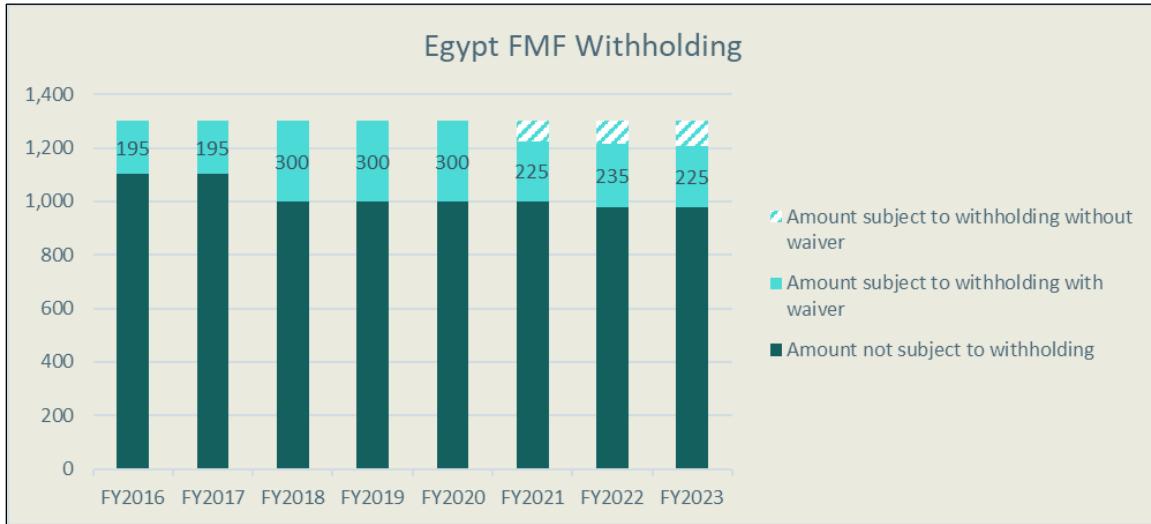
Since FY2012, Congress has passed appropriations legislation that withholds the obligation of FMF to Egypt until the Secretary of State certifies that Egypt is taking various steps toward supporting democracy and human rights. When Congress appropriates FMF to Egypt, it typically makes funds available for two years only, meaning that funds may expire if not obligated. Lawmakers included a national security waiver that allowed successive Administrations to waive congressionally mandated certification requirements under certain conditions through FY2020. In FY2021, Congress began withholding a portion of FMF without permitting it to be subject to a national security waiver (see **Figure 8, below**).

<sup>103</sup> U.S. Department of State, U.S. Relations with Egypt, Bilateral Relations Fact Sheet, Bureau of Near Eastern Affairs, September 20, 2019.

<sup>104</sup> Op. cit., Egypt Country Commercial Guide.



**Figure 8. Egypt: Conditions on U.S. Military Assistance**  
(current U.S. dollars in millions, appropriations)



**Source:** Prepared by CRS based on Foreign Military Financing (FMF) allocations and terms from annual appropriations acts, FY2011-FY2023.

Since 2013, the Obama, Trump, and now Biden Administrations have all taken various actions (suspended weapons deliveries, ended cash flow financing, reprogrammed aid and withheld assistance) to limit U.S.-Egyptian military cooperation. The Trump Administration unilaterally reprogrammed \$65.7 million in FY2017 FMF due to Egypt’s relationship with the Democratic People’s Republic of Korea and Egypt’s restrictive law on non-governmental organizations (NGOs).<sup>105</sup> The Biden Administration has twice reprogrammed FMF for Egypt (see text box below).

These actions have reignited a longstanding debate in the broader foreign policy community over the efficacy of using foreign aid as leverage to promote greater respect for human rights in the Middle East and elsewhere.<sup>106</sup> In Egypt’s case, this debate usually breaks down between the human rights community, members of which seek to either end U.S. military aid to Egypt or reprogram it as economic and democracy assistance,<sup>107</sup> and those individuals or organizations who do not support modifying or conditioning longstanding military-to-military ties seen as contributing to Egypt’s peaceful relationship with Israel<sup>108</sup> and its efforts to counter terrorism in the Sinai.<sup>109</sup> Successive Administrations have often found themselves in the midst of the debate, attempting to balance the security relationship with congressional prerogatives to consider what

<sup>105</sup> Congressional Notification Transmittal Sheet, Mary K. Water, Assistant Secretary of Legislative Affairs, January 23, 2018.

<sup>106</sup> In 2021, the journal *Democracy in Exile*, published by the human rights organization known as Dawn (Democracy for the Arab World Now), published a series of articles on foreign aid conditionality in the Middle East. See <https://dawnmena.org/dawns-advocacy/aid-conditionality/>.

<sup>107</sup> Testimony of Michele Dunne, House Foreign Affairs Committee, Subcommittee on Middle East, North Africa, and International Terrorism, *Egypt Politics-Economics-Human Rights*, hearing, September 9, 2020.

<sup>108</sup> Jacob Magid, “Israeli Officials Cautioned Biden against Heavy Criticism of Egypt, Saudi Arabia,” *Times of Israel*, September 2, 2021.

<sup>109</sup> Rachel Oswald, “Military Aid to Egypt Shapes Up as Human Rights Test for Biden,” *Congressional Quarterly*, August 16, 2021.

many international monitoring organizations describe as the country's woeful human rights record.

### **Biden Administration Reprogramming of U.S. Military Aid to Egypt**

**FY2020 FMF:** Section 7041(a)(3) of the FY2020 Consolidated Appropriations Act (P.L. 116-94) provided \$1.3 billion in Foreign Military Financing (FMF) "to remain available until September 30, 2021." The act also withheld \$300 million in FMF unless the Secretary of State could make a certification on democracy-related conditions in Egypt. On September 14, 2021, the Administration notified Congress of its intent to obligate the remaining \$300 million in FY2020 FMF using the authority in Section 7041(a)(3)(A) of P.L. 116-94, which exempts FY2020 FMF funds from certification if used for "counterterrorism, border security, and nonproliferation programs" for Egypt.<sup>110</sup> In its communications to Congress, the Administration stated that it could not certify that Egypt is taking sustained and effective steps related to the human rights-related conditions. However, because human rights concerns remained, the State Department said that it would not move forward with the obligation of **\$130 million in FMF**, the maximum amount it could withhold,<sup>111</sup> unless Egypt affirmatively addressed U.S. concerns.<sup>112</sup> Egypt did not sufficiently address those concerns according to the Biden Administration. As a result, the State Department informed Congress that it would reprogram the \$130 million for climate resilience in the Pacific Islands.<sup>113</sup> This was the first instance of any Administration refusing to waive democracy and human rights-based conditions on U.S. FMF aid to Egypt since Congress inserted the criteria in FY2012.

**FY2021 FMF:** Section 7041(a)(3) of the FY2021 Consolidated Appropriations Act (P.L. 116-260) provided \$1.3 billion in FMF "to remain available until September 30, 2022." The act also withheld \$225 million in FMF unless the Secretary of State could make a certification on democracy-related conditions in Egypt. The Act provided a national security waiver and, like the previous year, exempted funds for counterterrorism, border security, and nonproliferation programs from the certification requirement. However, as previously mentioned, the Act withheld an additional \$75 million in FMF (not subject to a national security waiver) until the Secretary of State could certify that the Government of Egypt was "making clear and consistent progress in releasing political prisoners and providing detainees with due process of law." On September 15, 2022, the Administration notified Congress that once again, it would not certify that Egypt is taking sustained and effective steps related to the human rights-related conditions. Instead, it used the exemption for FMF in support of counterterrorism, border security, and nonproliferation programs to obligate \$95 million in FY2021 FMF. The Administration did certify that Egypt had made progress in releasing political prisoners in order to release the \$75 million in previously withheld FY2021 FMF.<sup>114</sup> However, then-Senate Appropriations Chairman Patrick Leahy reportedly placed a hold on the \$75 million obligation just several weeks before the end of the fiscal year and the expiration of the funds; the Senator and the State Department were unable to resolve their differences over the intended obligation before the end of the fiscal year and due to the impasse, the funds expired, thereby resulting in a net reprogramming of **\$205 million in FMF**.<sup>115</sup>

**FY2022 FMF** for Egypt expires September 30, 2023. P.L. 117-103, the FY2022 Consolidated Appropriations Act, withheld \$235 million in FMF from obligation based on the democracy and human rights certification requirement, subject to a national security waiver. It also withheld \$85 million (not subject to a waiver) based on Egypt's lack of progress in releasing political prisoners.

In looking back at these past ten years, proponents of cutting aid argue that the lack of any credible, discernable change in Egypt's behavior is because the United States has not used all of

<sup>110</sup> This provision in appropriations for Egypt dates back to P.L. 113-76, the Consolidated Appropriations Act, 2014 (passed January 2014). At the time, President Obama had initiated a review of U.S. military assistance to Egypt. P.L. 113-76 divided annual aid to Egypt into two tranches (\$976 million and \$576.8 million) and conditioned their obligation without providing a national security waiver. Thus, this provision may have been inserted to allow for greater flexibility in providing certain types of military aid to Egypt.

<sup>111</sup> Section 7015(c) in annual appropriations acts authorizes the president to transfer up to 10% of funds made available for FMF within an appropriations measure.

<sup>112</sup> U.S. Department of State, Press Briefing, September 15, 2021.

<sup>113</sup> U.S. Department of State, Congressional notification, September 29, 2022.

<sup>114</sup> U.S. Department of State, Press Briefing, November 8, 2022.

<sup>115</sup> Ellen Knickmeyer and Matthew Lee, "Senator's human rights objections block some US aid to Egypt," Associated Press, October 18, 2022.

its policy levers to pressure the Sisi government enough.<sup>116</sup> Opponents of halting assistance often charge that conditioning aid will only further harden Egypt's resolve to resist U.S. pressure and push Egypt to develop deeper ties with countries less concerned about its human rights record. Others have argued that U.S.-Egyptian relations have atrophied since the arguably high point in the 1980s and that current U.S. leverage is overestimated by participants in this debate.<sup>117</sup> According to David Schenker, a former Assistant Secretary of State for Near East Affairs during the Trump Administration, the value of U.S. military aid to Egypt has declined over time and aid cuts or even sanctions would not effectively change Egypt's behavior.<sup>118</sup> Schenker argues that the U.S.-Egyptian bilateral relationship may need to be recalculated and reducing some aid to Egypt would allow the United States to send a signal to Cairo of its displeasure with its policies without causing a permanent diplomatic rupture.<sup>119</sup> This course of action appears to be what the Biden Administration may be pursuing vis-a-vis Egypt.

## U.S. Foreign Assistance to Egypt: Other Recent Developments

In addition to U.S. steps to reprogram U.S. military aid to Egypt, the Administration and Congress have taken other action with regard to U.S. foreign assistance to Egypt, including:

- **Climate Aid.** During COP27, the United States and Germany pledged more than \$250 million in climate finance aid to assist Egypt in transitioning some of its domestic energy use from natural gas to renewable sources.<sup>120</sup> U.S. funding is intended to bring ten gigawatts of new wind and solar energy projects online while decommissioning five gigawatt of natural gas generation.<sup>121</sup> To date, it is unclear how the Administration intends to follow through on its pledge.
- **Coastal Patrol Craft.** In March 2023, U.S. Naval Forces Central Command (NAVCENT) transferred three former U.S. patrol coastal ships to the Egyptian Navy.<sup>122</sup>
- **FY2024 Request.** In March 2023, the Biden Administration released its Congressional Budget Justification for State, Foreign Operations, and Related Programs (SFOPS). Similar to previous years, the request seeks \$1.43 billion in total U.S. aid to Egypt.

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<sup>116</sup> Charles Dunne, "It's Time for Biden to Get Tough on Sisi," *ForeignPolicy.com*, July 20, 2021.

<sup>117</sup> Senator Murphy, Congressional Record, Senate Procedural Matters, p. S5129, July 28, 2021.

<sup>118</sup> David Schenker, "Getting Tough with Egypt Won't Work," The Washington Institute for Near East Policy, March 25, 2021.

<sup>119</sup> Op. cit, Schenker, "Getting Tough with Egypt Won't Work."

<sup>120</sup> U.S. Department of State, "COP27: Delivering on our Implementation Commitments and Goals," December 6, 2022.

<sup>121</sup> U.S. Department of State, "The U.S.-Egypt Relationship," January 28, 2023.

<sup>122</sup> U.S. Department of Defense, U.S. Naval Forces Central Command Public Affairs, U.S., Egypt Enhance Maritime Partnership with Patrol Craft Transfer, March 21, 2023.

**Table 2. Bilateral Aid to Egypt**  
(millions of current dollars)

Account	FY2019 actual	FY2020 actual	FY2021 actual	FY2022 estimate	FY2023 estimate	FY2024 request
<b>ESF</b>	112.50	125.00	130.05	160.00	125.00	125.00
<b>GH</b>	-	-	-	5.00	6.00	6.00
<b>FMF</b>	1,300.00	1,170.00*	1,095.00*	1,300.00	1,300.00	1,300.00
<b>IMET</b>	1.80	0.00	1.80	-	1.80	2.0
<b>INCLE</b>	2.00	2.00	0.35	0.00	-	-
<b>NADR</b>	3.00	3.50	3.00	3.25	3.50	3.5
<b>Total</b>	<b>1,419.30</b>	<b>1,300.50</b>	<b>1,230.65</b>	<b>1,468.25</b>	<b>1,436.30</b>	<b>1,437.00</b>

**Sources:** Department of State, Foreign Operations and Related Programs Congressional Budget Justifications (FY2019-FY2023) and CRS calculations.

**Notes:** Economic Support Fund (ESF), Global Health (GH), Foreign Military Financing (FMF), International Military Education and Training (IMET), International Narcotics Control and Law Enforcement (INCLE), and Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR). \*The Biden Administration reprogrammed \$130 million in FY2020 FMF appropriated for Egypt and \$205 million in FY2021 FMF due to human rights concerns.

## Appendix. Background on U.S. Foreign Assistance to Egypt

### Overview

Between 1946 and 2020, the United States provided Egypt with \$83.4 billion in bilateral foreign aid (calculated in historical dollars—not adjusted for inflation).<sup>123</sup> The 1979 Peace Treaty between Israel and Egypt ushered in the current era of U.S. financial support for peace between Israel and its Arab neighbors. In two separate memoranda accompanying the treaty, the United States outlined commitments to Israel and Egypt, respectively. In its letter to Israel, the Carter Administration pledged that it would “endeavor to take into account and will endeavor to be responsive to military and economic assistance requirements of Israel.” In his letter to Egypt, then U.S. Secretary of Defense Harold Brown wrote the following:

In the context of the peace treaty between Egypt and Israel, the United States is prepared to enter into an expanded security relationship with Egypt with regard to the sales of military equipment and services and the financing of, at least a portion of those sales, subject to such Congressional review and approvals as may be required.<sup>124</sup>

All U.S. foreign aid to Egypt (or any country) is *appropriated and authorized by Congress*. The 1979 Egypt-Israel Peace Treaty is a bilateral peace agreement between Egypt and Israel, and the United States is not a legal party to the treaty. The treaty itself does not include any U.S. aid obligations, and any assistance commitments to Israel and Egypt that could be potentially construed in conjunction with the treaty were through ancillary documents or other communications and were—by their terms—subject to congressional approval (see above). However, as the peace broker between Israel and Egypt, the United States has traditionally provided foreign aid to both countries to support a regional balance of power and sustain security cooperation with both countries.

In some cases, an Administration may sign a bilateral “Memorandum of Understanding” (MOU) with a foreign country pledging a specific amount of foreign aid to be provided over a selected time period subject to the approval of Congress. In the Middle East, the United States has signed foreign assistance MOUs with Israel and Jordan, but not with Egypt.<sup>125</sup>

Congress typically specifies a precise allocation of most foreign assistance for Egypt in the foreign operations appropriations bill. Egypt receives the bulk of foreign aid funds from three primary accounts: Foreign Military Financing (FMF), Economic Support Funds (ESF), and

<sup>123</sup> U.S. Overseas Loans and Grants, Obligations and Loan Authorizations, July 1, 1945-September 30, 2020.

<sup>124</sup> See Letter From the Secretary of Defense (Brown) to the Egyptian Minister of Defense and War Production (Ali), March 23, 1979, “United States Sales of Military Equipment and Services to Egypt.” Ultimately, the United States provided a total of \$7.3 billion to both parties in 1979. The Special International Security Assistance Act of 1979 (P.L. 96-35) provided both military and economic grants to Israel and Egypt at a ratio of 3 to 2, respectively, though this ratio was not enshrined in the treaty as Egypt would later claim.

<sup>125</sup> In July 2007, the George W. Bush Administration announced, as a part of a larger arms package to the region, that it would begin discussions with Egypt on a proposed \$13 billion military aid agreement over a 10-year period. Since Egypt was already receiving approximately \$1.3 billion a year in military assistance, the announcement represented no major change in U.S. aid policy toward Egypt. No such bilateral MOU on U.S. military aid to Egypt has been reached by the Bush, Obama, Trump, or Biden Administrations with the Egyptian government.

International Military Education and Training (IMET).<sup>126</sup> The United States offers IMET training to Egyptian officers in order to facilitate U.S.-Egyptian military cooperation over the long term.

## Military Aid and Arms Sales

### Overview

Since the 1979 Israeli-Egyptian Peace Treaty, the United States has provided Egypt with large amounts of military assistance. U.S. policymakers have routinely justified this aid to Egypt as an investment in regional stability, built primarily on long-running military cooperation and sustaining the treaty—principles that are supposed to be mutually reinforcing. Egypt has used U.S. military aid through the FMF to (among other things) purchase major U.S. defense systems, such as the F-16 fighter aircraft, the M1A1 Abrams battle tank, and the AH-64 Apache attack helicopter.

#### Frequently Asked Question:

#### Is U.S. Military Aid Provided to Egypt as a Cash Transfer?

No. All U.S. military aid to Egypt finances the procurement of weapons systems and services from U.S. defense contractors.<sup>127</sup> The United States provides military assistance to U.S. partners and allies to help them acquire U.S. military equipment and training. Egypt is one of the largest recipients of FMF, a program with a corresponding appropriations account administered by the Department of State but implemented by the Department of Defense. FMF is a grant program that enables governments to receive equipment and associated training from the U.S. government or to access equipment directly through U.S. commercial channels.

Most countries receiving FMF generally purchase goods and services through government-to-government contracts, also known as Foreign Military Sales (FMS). According to the Government Accountability Office (GAO), “under this procurement channel, the U.S. government buys the desired item on behalf of the foreign country [Egypt], generally employing the same criteria as if the item were being procured for the U.S. military.”<sup>128</sup> The vast majority of what Egypt purchases from the United States is conducted through the FMS program funded by FMF. However, U.S. officials have been encouraging Egypt to use national funds for U.S. military equipment purchases.<sup>129</sup>

Under Section 36(b) of the Arms Export Control Act (AECA), Congress must be formally notified 30 calendar days before the Administration can take the final steps of a government-to-government foreign military sale of major U.S.-origin defense equipment valued at \$14 million or more, defense articles or services valued at \$50

<sup>126</sup> Egypt also receives, though not consistently, relatively small sums from the Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) account and the International Narcotics Control and Law Enforcement (INCLE) account. NADR funds support counterterrorism training through the Antiterrorism Assistance Program. INCLE funds support police training and respect for human rights in law enforcement. The Administration typically requests these funds, but they are not usually specifically earmarked for Egypt (or for most other countries) in legislation. After the passage of a foreign operations appropriations bill, federal agencies such as the State Department and USAID allocate funds to Egypt from these aid accounts. They then submit a country allocation report (653a Report) to Congress for review.

<sup>127</sup> For the relevant legal authorities, see §604 of the Foreign Assistance Act as amended (22 U.S.C. 2354) and §503 of the Foreign Assistance Act as amended (22 U.S.C. 2311).

<sup>128</sup> U.S. General Accounting Office (now the U.S. Government Accountability Office), *Military Sales to Israel and Egypt: DOD Needs Stronger Controls over U.S.-Financed Procurements*, July 1993.

<sup>129</sup> During a 2021 hearing on security assistance, Dana Stroul, the Deputy Assistant Secretary of Defense for the Middle East, remarked, “In terms of the FMF, it remains an important tool for us to work with Egypt in making sure that they have U.S.-origin defense articles oriented towards what we assess to be shared security threats, whether it’s counterterrorism, maritime security, border security. And I would note here that Egypt is interested in continuing this relationship with us. They recently agreed to upgrade their Apache helicopter fleet by using blended financing, not just U.S. security assistance but also Egyptian national funds.” See Senate Foreign Relations Committee, Senate Foreign Relations Subcommittee on Near East, South Asia, Central Asia and Counterterrorism, *Middle East Security Assistance*, hearing, August 10, 2021.

million or more, or design and construction services valued at \$200 million or more. In practice, pre-notifications to congressional committees of jurisdiction occur, and proposed arms sales generally do not proceed to the public official notification stage until issues of potential concern to key committees have been resolved.

## Special Military Assistance Benefits for Egypt

In addition to substantial amounts of annual U.S. military assistance, Egypt has benefited from the following aid provisions that have been available to only a few other countries:

- **Early Disbursal and Interest-Bearing Account:** Between FY2001 and FY2011, Congress granted Egypt early disbursement of FMF funds (within 30 days of the enactment of appropriations legislation) to an interest-bearing account at the Federal Reserve Bank of New York.<sup>130</sup> Interest accrued from the rapid disbursement of aid has allowed Egypt to receive additional funding for the purchase of U.S.-origin equipment. In FY2012, Congress began to condition the obligation of FMF, requiring the Administration to certify certain conditions had been met before releasing FMF funds, thereby eliminating their automatic early disbursal. However, Congress has permitted Egypt to continue to earn interest on FMF funds already deposited in the Federal Reserve Bank of New York.
- **The Excess Defense Articles (EDA) program** provides one means by which the United States can advance foreign policy objectives—assisting friendly and allied nations through provision of equipment in excess of the requirements of its own defense forces. The Defense Security Cooperation Agency (DSCA) manages the EDA program, which enables the United States to reduce its inventory of outdated equipment by providing friendly countries with necessary supplies at either reduced rates or no charge. As a designated “major non-NATO ally,” Egypt is eligible to receive EDA under Section 516 of the Foreign Assistance Act and Section 23(a) of the Arms Export Control Act.

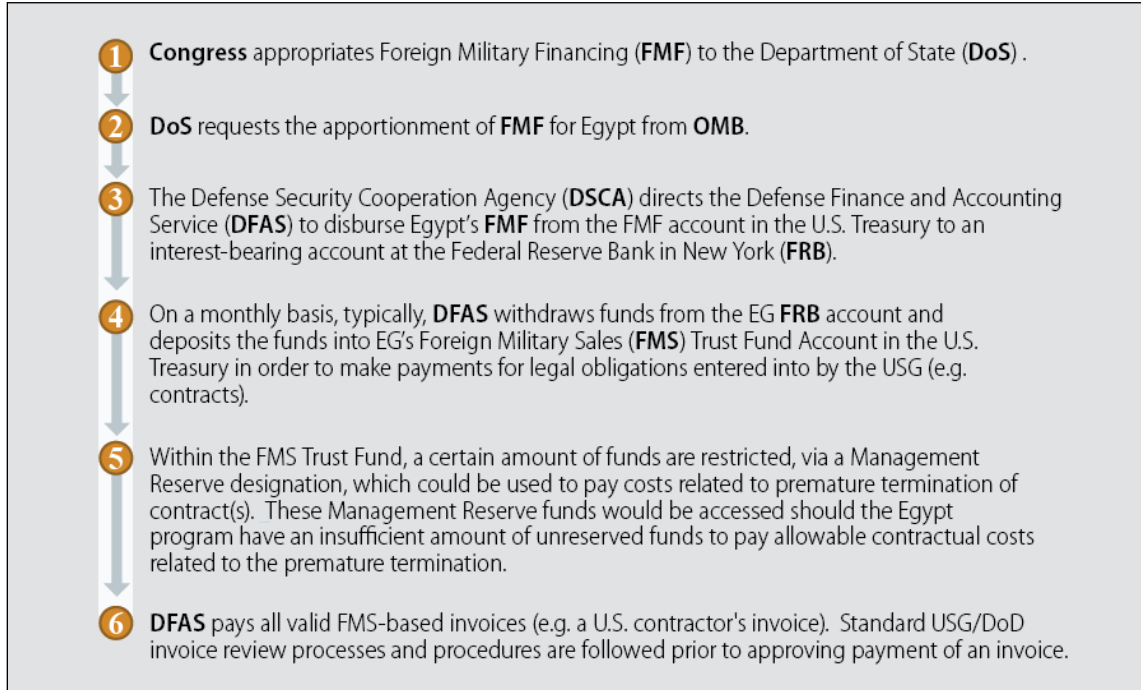
## Egypt: Aid Conditionality and Human Rights

Historically, Congress had placed certain conditions on economic aid to Egypt. After Egypt’s 2011 uprising and initial change of government, lawmakers have conditioned, and in some cases withheld, U.S. military aid to Egypt on executive branch certifications to the Committees on

<sup>130</sup> By law, Egypt and Israel are permitted to earn interest on congressionally appropriated Foreign Military Financing (FMF). During the late 1990s, the Clinton Administration (especially the U.S. Defense Department) and the Egyptian government sought to increase U.S. military aid to Egypt. One proposal had been to grant Egypt a benefit already enjoyed by Israel—the use of an interest-bearing account in which unspent FMF funds can accumulate interest to be used for future purchases. During Senate consideration of legislation to provide Egypt access to an interest-bearing account, Sen. Mitch McConnell remarked that “In the State Department briefing justifying the request, U.S. officials urged our support because of Mubarak’s need to address the requirements of ‘his key constituents, the military.’ Frankly, I think Mr. Mubarak needs to worry less about satisfying the military and spend more time and effort shoring up democratic institutions and civic society.” See Congressional Record-Senate, S5508, June 21, 2000. In October 2000, Congress passed P.L. 106-280, the Security Assistance Act of 2000, which authorized FY2001 FMF funds for Egypt to be disbursed to an interest-bearing account in the Federal Reserve Bank of New York. The law required that none of the interest accrued by such account should be obligated unless first notified to relevant congressional appropriations and oversight committees. In November 2000, Congress passed P.L. 106-429, the FY2001 Foreign Operations Appropriations Act, which included an interest-bearing account for Egypt in appropriations legislation. Since then, this provision has remained in annual appropriations legislation, most recently in P.L. 114-113, the Consolidated Appropriations Act, 2016.

Appropriations that the Egyptian government is taking steps toward democratic governance and supporting human rights.

**Figure A-1. The Military Aid “Pipeline”**



**Source:** Information from Defense Security Cooperation Agency. Graphic created by CRS.

In response to political changes in Egypt from 2011 through 2016, the Obama Administration and Congress altered U.S. foreign aid to Egypt, and strains increased in U.S.-Egyptian relations. In FY2012, Congress enacted new restrictions on aid to Egypt that have carried forward to today. The FY2012 Consolidated Appropriations Act (Section 7041 of Division I, P.L. 112-74) specified that no funds could be made available to Egypt until the Secretary of State certified that Egypt was meeting its obligations under the 1979 Egypt-Israel Peace Treaty (due to concerns that a future democratically elected Egyptian government might abrogate the treaty).

It further specified that no military funds could be provided until the Administration certified that the government of Egypt was supporting a transition to civilian rule, including by holding free and fair elections and by implementing policies to protect freedom of expression, association, and religion, and due process of law. It permitted the Secretary of State to waive these requirements by reporting to Congress with a “detailed justification” that doing so was “in the national security interest of the United States.”

On July 3, 2013, the Egyptian military suspended the constitution and ousted former President Mohamed Morsi. Subsequently, the Obama Administration took several steps to express U.S. displeasure with Morsi’s ouster. In 2013, President Obama announced a comprehensive review of U.S. foreign assistance policy toward Egypt, canceled a joint U.S.-Egypt military exercise (Operation Bright Star<sup>131</sup>), suspended the deliveries of certain military items to Egypt (such as

<sup>131</sup> Since 1980, shortly after the signing of the Israeli-Egyptian peace treaty, the United States and Egypt have conducted large-scale joint military exercises known as “Bright Star.” In 1980, both countries conducted annual single service bilateral ground maneuver events. However, starting in the mid-1980s, Bright Star became a biennial



F-16s, along with Apache helicopters, Harpoon missiles, and M1A1 tanks) pending progress toward democracy, and cancelled planned cash transfers of economic aid.<sup>132</sup> Ultimately, the Obama Administration accepted the Egyptian military's overthrow of a democratically elected president as a *fait accompli* and attempted to redefine certain components of the U.S.-Egyptian relationship.<sup>133</sup>

In FY2014, Congress further conditioned the obligation of aid for Egypt by applying certification requirements to distinct tranches of aid; for example, the Secretary of State was required to certify to the Committees on Appropriations prior to obligation of one tranche that Egypt had held a constitutional referendum and was taking steps to support a democratic transition. Prior to obligation of a second tranche, Congress required certification that Egypt had held parliamentary and presidential elections, and had a new elected government that was taking steps to govern democratically.<sup>134</sup>

By spring 2015, as terrorist attacks against Egypt continued amid the global rise of the Islamic State, some lawmakers called on the Administration to end its weapons export suspension.<sup>135</sup> The Obama Administration responded with a change in U.S. policy. On March 31, 2015, the White House announced it would allow the deliveries of select weapons systems to Egypt that had been

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multinational military training exercise. For the first 25 years of its existence, Bright Star was one of the largest coalition military exercises conducted by CENTCOM. It included the ground, naval, and air forces of both the United States and Egypt, along with troops from France, the United Kingdom, Germany, Netherlands, Italy, Spain, Greece, Saudi Arabia, Jordan, the UAE, Turkey, Pakistan, and Kuwait. During the 1999/2000 event, 11 nations contributed over 70,000 troops to the exercise. At times, regional conflict or tensions in the U.S.-Egyptian relationship have led to the cancellation of Bright Star. Due to the wars in Iraq, Bright Star was cancelled in 1991 and 2003. Due to political unrest in Egypt, the Egyptian armed forces cancelled Bright Star in 2011. In 2013, President Obama suspended U.S. participation in Bright Star due to U.S. concerns over the military's ousting of Egypt's civilian-led government. Thus, Bright Star did not take place from 2010 to 2016. It resumed in September 2017, when an estimated 200 U.S. soldiers participated in the exercise at Mohamed Naguib Military Base in Egypt, where U.S. and Egyptian forces conducted battle simulations involving U.S.-origin major defense equipment, such as Egyptian F-16s and M1A1 Egyptian tanks. In August 2018, approximately 800 U.S. troops participated in Operation Bright Star 18. That event featured Egyptian special operations forces conducting counterterrorism and irregular warfare training operations, working in close collaboration with US special operators. In 2020, the United States and Egypt cancelled Bright Star due to the COVID-19 pandemic. In September 2021, 600 U.S. service personnel from CENTCOM participated in Operation Bright Star.

<sup>132</sup> U.S. Department of State, "U.S. Assistance to Egypt," Press Statement, October 9, 2013.

<sup>133</sup> President Obama said, "Going forward, the United States will maintain a constructive relationship with the Interim Government that promotes core interests like the Camp David Accords and counterterrorism. We'll continue support in areas like education that directly benefit the Egyptian people. But we have not proceeded with the delivery of certain military systems, and our support will depend upon Egypt's progress in pursuing a more democratic path." U.S. President (Obama), "Remarks to the United Nations General Assembly in New York City," Daily Compilation of Presidential Documents, 2013 DCPD-201300655, September 24, 2013, pp. 6-7.

<sup>134</sup> Congress did not provide a waiver for these conditions, but took steps to allow for the continuation of some aid under some circumstances. Congress provided that if the certifications could not be made, then FMF obligations were to "be made available at the minimum rate necessary to continue existing contracts ... except that defense articles and services from such contracts" were not to be delivered until the certification requirements were met. Congress applied parallel requirements on any use of prior-year FMF and International Military Education and Training (IMET) funds that remained available. Congress exempted funds that were to be used for counterterrorism, border security, and nonproliferation programs in Egypt, and for development activities in the Sinai. Congress applied a similar tranche and minimum rate necessary framework in FY2015, requiring certification of different criteria, and providing a waiver.

<sup>135</sup> In February 2015, House State and Foreign Operations Appropriations Subcommittee Chairwoman Kay Granger wrote to President Obama stating that "they [the Egyptians] need these planes and other weapons immediately to continue the fight against ISIL and other terrorists threatening Egypt's security, but your Administration has refused to use the authority Congress provided you in law to provide Egypt these weapons."

on hold since October 2013, and pledged to continue seeking \$1.3 billion in annual military aid from Congress.

The White House simultaneously announced that future military assistance to Egypt would be largely reformulated by ending cash flow financing.<sup>136</sup> Section 23 of the Arms Export Control Act (AECA, 22 U.S.C. §2763) authorizes the President to finance the “procurement of defense articles, defense services, and design and construction services by friendly foreign countries and international organizations, on such terms and conditions as he may determine consistent with the requirements of this section.” Successive Administrations have used this authority to permit Israel (and, until 2018, Egypt) to set aside almost all FMF funds for current year payments only, rather than set aside the amount needed to meet the full cost of multiyear purchases.

From 2017 through 2020, some bilateral tensions diminished as President Trump sought to improve ties with President Sisi. President Trump continued to request that Congress appropriate \$1.3 billion in military aid to Egypt, but did not restore the Egyptian military’s ability to benefit from Cash Flow Financing. Moreover, as previously mentioned, President Trump reduced the FY2017 FMF obligation to Egypt by \$65.7 million as a result of Egypt’s relationship with North Korea and prosecution of U.S. and Egyptian nongovernmental organization (NGO) workers.

## Economic Aid

### Overview

From the early 1980s until the late 1990s, U.S. economic aid to Egypt helped modernize the nation’s energy, telecommunications, and wastewater infrastructure. Beginning in the mid to late 1990s, as Egypt moved from being an impoverished country to a lower-middle-income economy,<sup>137</sup> the United States and Egypt began to rethink the assistance relationship, emphasizing “trade not aid.”<sup>138</sup> Congress began to scale back economic aid both to Egypt and Israel due to a 10-year agreement reached between the United States and Israel in the late 1990s known as the “Glide Path Agreement,” which gradually reduced U.S. economic aid to Egypt to \$400 million by 2008.<sup>139</sup> Congress also placed conditions on economic assistance in order to encourage Egypt to modernize its economy and political system.<sup>140</sup> U.S. economic aid to Egypt stood at \$200 million

<sup>136</sup> For more information, see CRS Report R44060, *Ending Cash Flow Financing to Egypt: Issues for Congress*, by Jeremy M. Sharp (out of print but available to congressional requesters from the author).

<sup>137</sup> See World Bank historic data at <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

<sup>138</sup> Ahmed Galal, Robert Z. Lawrence (editors), *Building Bridges: An Egypt-U.S. Free Trade Agreement*, Brookings Institution Press, 1998.

<sup>139</sup> In January 1998, Israeli officials, sensing that their economic growth had obviated the need for that type of U.S. aid at a time when Congress sought to reduce foreign assistance expenditures, negotiated with the United States to reduce economic aid and increase military aid over a 10-year period. A 3:2 ratio that long prevailed in the overall levels of U.S. aid to Israel and Egypt was applied to the reduction in economic aid (\$60 million reduction for Israel and \$40 million reduction for Egypt), but Egypt did not receive an increase in military assistance. Thus, Congress reduced ESF aid to Egypt from \$815 million in FY1998 to \$411 million in FY2008.

<sup>140</sup> From the late 1990s through FY2005, Congress specified that economic aid (ESF cash transfer) would be provided “with the understanding that Egypt will undertake significant economic reforms” beyond those previously undertaken. Beginning in the FY2006 appropriations act (P.L. 109-102), Congress changed the phrasing of this condition to include “significant economic *and political* reforms” (emphasis added). Beginning in FY2008 and thereafter through FY2010, Congress changed the condition phrasing to “significant economic and *democratic* reforms.” For FY2010, Congress also allocated “up to” \$20 million for democracy, human rights and governance programs, and “not less than” \$35 million for education programs. See Division F, Title III, *Economic Support Fund*, P.L. 111-117.

per year by the end of the George W. Bush Administration, whose relations with then-President Hosni Mubarak suffered<sup>141</sup> over the latter's reaction to the Administration's democracy agenda in the Arab world.<sup>142</sup>

During the Obama Administration, the President and Congress found common support for the use of enterprise funds, which are U.S. government-funded entities whose purpose is to promote the development and strengthening of a private sector in a foreign country by directly investing in its local firms. In May 2011, President Obama laid out his Administration's initial response to Middle East uprisings by remarking that U.S. officials were "working with Congress to create enterprise funds to invest in Tunisia and Egypt. And these will be modeled on funds that supported the transitions in Eastern Europe after the fall of the Berlin Wall."<sup>143</sup> In December 2011, Congress drew on a late Cold War precedent to authorize the establishment of enterprise funds in Egypt in the FY2012 Consolidated Appropriations Act (Section 7041 of Division I, P.L. 112-74).

The Egyptian-American Enterprise Fund (EAEF) was established by grant agreement with the U.S. Agency for International Development (USAID) on March 23, 2013. Since its inception, the EAEF has received \$300 million in ESF funds. After ten years in operation, it generally has been considered a modest success in boosting Egypt's private sector, particularly in the financial and technology sectors. According to the EAEF's most recent impact report, the funds has invested \$267 million of the original \$300 million authorized by the U.S. Congress; at the end of 2022, the market value of the EAEF's portfolio was estimated to be \$500 million.<sup>144</sup>

During the Obama Administration, the Egyptian military pushed back against U.S. support for a competitive, transparent electoral process.<sup>145</sup> After reasserting power in 2013, the military moved to arrest American employees (as well as Egyptian and other foreign nationals) of U.S.-based and foreign democracy promotion organizations.<sup>146</sup>

In the final years of the Obama Administration, wariness of U.S. democracy promotion assistance led the Egyptian government to obstruct many U.S.-funded economic assistance programs.<sup>147</sup> According to the GAO, the Department of State and USAID reported hundreds of millions of

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<sup>141</sup> See Helene Cooper, "With Egypt, Diplomatic Words Often Fail," *New York Times*, January 29, 2011.

<sup>142</sup> The George W. Bush Administration requested that Congress cut ESF aid by half in FY2009 to \$200 million. Congress appropriated the President's request.

<sup>143</sup> NARA, Office of the Federal Register, Public Papers of the Presidents of the United States: Barack H. Obama, 2011, Book 1 (Washington, DC: GPO, 2014), Remarks at the Department of State, May 19, 2011, pp. 552-560.

<sup>144</sup> Egyptian-American Enterprise Fund, *The Egyptian-American Enterprise Fund: A New Private Sector-Led Model for U.S. Foreign Assistance*, April 2023.

<sup>145</sup> Prior to 2011, U.S. funding for democracy promotion activities and good governance had been a source of acrimony between the United States and Egypt. Using the appropriations process, Congress has mandated that "democracy and governance activities shall not be subject to the prior approval by the government of any foreign country." Originally referred to as the Brownback amendment, this legislative language began in reference to Egypt (Division D, Title II, *Economic Support Fund*, P.L. 108-447), and was expanded in FY2008 to include "any foreign country." (Division J, Sec. 634(o), P.L. 110-161).

<sup>146</sup> From FY2014 to FY2019, Congress mandated in annual appropriations legislation that the Secretary of State shall withhold an amount of ESF to Egypt determined to be equivalent to that expended by the United States Government for bail, and by nongovernmental organizations for legal and court fees, associated with democracy-related trials in Egypt until the Secretary certifies that Egypt has dismissed the convictions issued by the Cairo Criminal Court on June 4, 2013.

<sup>147</sup> Prepared Statement by Amy Hawthorne, Project on Middle East Democracy House Foreign Affairs Committee, *Egypt: Challenges and Opportunities for U.S. Policy*, hearing, June 15, 2016.

dollars (\$460 million as of 2015) in unobligated prior year ESF funding.<sup>148</sup> These growing unobligated balances created pressure on the Obama Administration to re-obligate ESF funds for other purposes. In 2016, the Obama Administration notified Congress that it was reprogramming for other purposes \$108 million of ESF that had been appropriated for Egypt in FY2015 but remained unobligated. The Administration stated that its actions were due to “continued government of Egypt process delays that have impeded the effective implementation of several programs.”<sup>149</sup> In 2017, the Trump Administration also reprogrammed FY2016 ESF for Egypt.

During the Biden Administration, U.S. economic assistance has averaged over \$125 million a year in ESF. From 2017 to present, USAID has expanded its role in assisting the Egyptian government develop the Sinai Peninsula. In north Sinai, the United States has funded the Al Arish desalination facility that provides 126,000 residents with potable water.<sup>150</sup> USAID also has delivered commuter buses to isolated communities in central Sinai to improve access to workplaces, commerce, education, and government services.<sup>151</sup>

**Table A-1. U.S. Foreign Assistance to Egypt: 1946-2020**

(calculated in historical dollars, not adjusted for inflation)

Year	Military	Economic	Annual Total
1946	n/a	\$9,600,000	\$9,600,000
1948	n/a	\$1,400,000	\$1,400,000
1951	n/a	\$100,000	\$100,000
1952	n/a	\$1,200,000	\$1,200,000
1953	n/a	\$12,900,000	\$12,900,000
1954	n/a	\$4,000,000	\$4,000,000
1955	n/a	\$66,300,000	\$66,300,000
1956	n/a	\$33,300,000	\$33,300,000
1957	n/a	\$1,000,000	\$1,000,000
1958	n/a	\$601,000	\$601,000
1959	n/a	\$44,800,000	\$44,800,000
1960	n/a	\$65,900,000	\$65,900,000
1961	n/a	\$73,500,000	\$73,500,000
1962	n/a	\$200,500,000	\$200,500,000
1963	n/a	\$146,700,000	\$146,700,000
1964	n/a	\$95,500,000	\$95,500,000
1965	n/a	\$97,600,000	\$97,600,000
1966	n/a	\$27,600,000	\$27,600,000

<sup>148</sup> Government Accountability Office, *EGYPT: U.S. Government Should Examine Options for Using Unobligated Funds and Evaluating Security Assistance Programs*, Published: February 11, 2015. Publicly Released: March 12, 2015.

<sup>149</sup> “US Shifts Egypt Aid to Other Countries,” *Al Monitor*, October 16, 2016.

<sup>150</sup> U.S. Department of State, U.S. Embassy Egypt, “U.S. Ambassador Visits North Sinai,” June 24, 2021.

<sup>151</sup> U.S. Department of State, U.S. Embassy Egypt, “United States Delivers 20 Brand New Buses to North Sinai Governorate,” August 16, 2021.

Year	Military	Economic	Annual Total
1967	n/a	\$12,600,000	\$12,600,000
1972	n/a	\$1,500,000	\$1,500,000
1973	n/a	\$800,000	\$800,000
1974	n/a	\$21,300,000	\$21,300,000
1975	n/a	\$370,100,000	\$370,100,000
1976	n/a	\$464,300,000	\$464,300,000
1976tq	n/a	\$552,501,000	\$552,501,000
1977	n/a	\$907,752,000	\$907,752,000
1978	\$183,000	\$943,029,000	\$943,212,000
1979	\$1,500,379,000	\$1,088,095,000	\$2,588,474,000
1980	\$848,000	\$1,166,423,000	\$1,167,271,000
1981	\$550,720,000	\$1,130,449,000	\$1,681,169,000
1982	\$902,315,000	\$1,064,936,000	\$1,967,251,000
1983	\$1,326,778,000	\$1,005,064,000	\$2,331,842,000
1984	\$1,366,458,000	\$1,104,137,000	\$2,470,595,000
1985	\$1,176,398,000	\$1,292,008,000	\$2,468,406,000
1986	\$1,245,741,000	\$1,293,293,000	\$2,539,034,000
1987	\$1,301,696,000	\$1,015,179,000	\$2,316,875,000
1988	\$1,301,477,000	\$873,446,000	\$2,174,923,000
1989	\$1,301,484,000	\$968,187,000	\$2,269,671,000
1990	\$1,295,919,000	\$1,093,358,000	\$2,389,277,000
1991	\$1,301,798,000	\$998,011,000	\$2,299,809,000
1992	\$1,301,518,000	\$933,320,000	\$2,234,838,000
1993	\$1,302,299,892	\$753,532,569	\$2,055,832,461
1994	\$1,329,014,520	\$615,278,400	\$1,944,292,920
1995	\$1,342,039,999	\$975,881,584	\$2,317,921,583
1996	\$1,373,872,023	\$824,526,772	\$2,198,398,795
1997	\$1,304,889,154	\$811,229,175	\$2,116,118,329
1998	\$1,303,343,750	\$833,244,554	\$2,136,588,304
1999	\$1,351,905,310	\$862,062,972	\$2,213,968,282
2000	\$1,333,685,882	\$742,458,662	\$2,076,144,544
2001	\$1,299,709,358	\$393,734,896	\$1,693,444,254
2002	\$1,301,367,000	\$1,046,193,772	\$2,347,560,772
2003	\$1,304,073,715	\$646,856,655	\$1,950,930,370
2004	\$1,318,119,661	\$720,241,709	\$2,038,361,370
2005	\$1,294,700,384	\$495,849,544	\$1,790,549,928
2006	\$1,301,512,728	\$351,242,871	\$1,652,755,599

Year	Military	Economic	Annual Total
2007	\$1,305,235,109	\$737,348,773	\$2,042,583,882
2008	\$1,294,902,533	\$314,498,954	\$1,609,401,487
2009	\$1,301,332,000	\$688,533,322	\$1,989,865,322
2010	\$1,301,900,000	\$300,943,891	\$1,602,843,891
2011	\$1,298,779,449	\$242,205,488	\$1,540,984,937
2012	\$1,302,233,562	\$90,260,730	\$1,392,494,292
2013	\$1,239,659,511	\$330,610,024	\$1,570,269,534
2014	\$572,000,000	\$178,748,169	\$750,748,169
2015	\$1,345,091,943	\$222,864,445	\$1,567,956,387
2016	\$1,126,658,738	\$133,150,380	\$1,259,809,118
2017	\$201,103,590	\$173,200,000	\$374,303,590
2018	\$1,002,517,764	\$234,200,000	\$1,236,717,764
2019	\$1,306,000,000	\$161,000,000	\$1,467,000,000
2020	\$1,302,000,000	\$169,100,000	\$1,471,100,000
<b>Totals</b>	<b>\$50,233,659,575</b>	<b>\$32,989,081,823</b>	<b>\$83,464,946,884</b>

**Sources:** U.S. Overseas Loans and Grants, Obligations and Loan Authorizations, July 1, 1945-September 30, 2019; and ForeignAssistance.gov, last updated July 26, 2021 (the year FY2020 is partially reported).

**Notes:** This chart does not account for the repurposing of assistance funds which had been previously obligated for Egypt. Total numbers may be slightly higher or lower than official sources due to a time delay in government agency reporting of obligated funds.

## Author Information

Jeremy M. Sharp  
Specialist in Middle Eastern Affairs

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