Egypt-U.S. Military Relations: The Reality and the Future

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Introduction

Military relations are the backbone in Egypt-US relations, given the mutual interests of both countries. To understand the reality of this relationship and explore its future, we must understand Washington’s defense strategy in the Middle East, which centers on ensuring Israel’s security of, supporting Washington's allies, fighting terrorism, preventing Iran from acquiring nuclear weapons, pursuing the Middle East peace process, and working with regional U.S. partners to achieve stability in the region. Additionally, the U.S. works to support democratic transitions in the region, protect its interests through the U.S. Department of Defense military arm in the region and defense cooperation, and also to enhance the military capabilities of its allies. Additionally, one of the key principles of security cooperation between the United States and Israel is the U.S. commitment to ensure Israel’s qualitative military edge; strong U.S. security relations with Arab countries, including Egypt, Jordan, and partner countries in the Gulf are entrenched not only in Washington’s strategic interests, but also in Israel's security interests. Defense relations with Egypt are among the most important interests, as confirmed by Defense Minister Chuck Hegel in his speech at the Washington Institute for Near East Policy on May 9, 2013. In this context, this paper attempts to answer the following questions:

- What are the determinants of the Egypt-U.S. military relations?
- What do both countries gain out of this military and security cooperation and what are the challenges to this cooperation?
What is the future of the military cooperation strategy between the two countries?

How does this cooperation relate to counterterrorism, especially in the Sinai?

First: The reality of Egypt-U.S. military relations

The main determinant of Washington’s defense strategy in the Middle East in general is closely linked to its security cooperation with Israel, whereby the U.S. is committed to ensure Israel’s qualitative military edge and its ability to repel any threat or combination of threats by states or non-state actors; as such, the security of Israel is further enhanced through defense cooperation between the U.S. and other regional allies.

Military relations between the United States and Egypt are unique and center on Egypt’s geostrategic position as a leading regional power affiliated with multiple regional security systems in the Middle East, South Mediterranean and North Africa. Additionally, the U.S. has vital interests in the region, especially those related to energy security, securing the oil wells in the Gulf region, countering terrorism in the Middle East and North Africa, ensuring the security of Israel, and fighting piracy in the southern Red Sea and the Strait of Aden. This explains why successive U.S. administrations have made it a priority to maintain and upgrade military cooperation with Egypt, especially after the signing of the peace agreement with Israel in 1979 under late Egyptian president Mohammad Anwar Sadat’s rule.

The military aspect cannot be addressed in isolation from other political and security dimensions; the current political crisis in Egypt prompted the United States to rethink its relations with Egypt in the coming period, especially after
U.S. President Barack Obama was elected for a second term, and in light of the ongoing violence in Egypt and the political Gordian knot. Notably, Washington is showing interest in retaining strong ties with Egypt as long as Egypt is not crossing any red lines, including not harm Israel's security and respect the rights and freedoms minorities.

**Forms of military cooperation between the two countries**

Military cooperation between Egypt and the United States takes many forms, including arms sales, military technology transfer, and joint military exercises, as illustrated further below.

**A- Military Aid**

Between 1984 and 2012, the United States provided Egypt with aid worth of US$73.1 billion, including annual military aid worth of US$ 1.3 billion. Since 1979, Egypt was the second largest recipient, after Israel, of U.S. aid. Egypt, under the peace treaty with Israel, had established broad security relationships with the United States, and all U.S. aid to Egypt is subject to the approval of the Congress.

Egypt receives the majority of U.S. military aid from 3 accounts; the Foreign Military Financing (FMF), the Economic Support Fund (ESF), and the International Military Education and Training program (IMET). The aim of the IMET is to facilitate military cooperation between Egypt and the United States over the long term. Aside from the above, Egypt receives on an irregular basis small funds from the Antiterrorism Assistance (NADR) and the INCLA.

Egypt is one of the main beneficiaries of the FMF, a program run by the U.S. State Department and implemented by the Ministry of Defense. The FMF gives
grants to governments to be able to acquire equipment and training equipment from the U.S. government, or directly through commercial channels within the United States.

According to the U.S Government Accountability Office, and under the FMF, the U.S. Government makes purchases on behalf of Egypt and at the same standards the U.S. applies on purchase for the U.S. military. The vast majority of Egypt’s purchases from the United States is done through the FMS, while Egypt uses very little of its national funds to purchase military equipment from the United States.

Between 2001 and 2011, Egypt benefited from the quick disbursement of funds allocated by FMF.

In 2012, the Congress began imposing restrictions on the FMF, namely the need for the U.S. administration to endorse certain conditions before funds are released to Egypt. Therefore, Egypt will no longer expect early and automatic disbursement of funds. However, the Congress allowed Egypt to earn interest on the FMF funds already deposited in the Federal Reserve Bank in New York.

Egypt also benefited greatly from Article 23 of the Arms Export Control Act, which allows the American President to use the principle of financing cash flows with Egypt and Israel. This enabled Egypt to maintain its share of FMF funds to make purchases in other years and accordingly to negotiate the purchase of major weapons and defense systems with long-term repayment plans.

Recently, however, public oversight on U.S. military aid to Egypt has increased, and U.S. observers were critical of financing cash flow to Egypt, and demanded cutting military aid to Egypt. But there remained a main problem - the existing signed contracts. The FMF Account includes a Trust Fund that consists of Egypt's share in the FMF and held by the United States, and it would be used in
the case of Egypt's termination of the contract - a process called management reserve. In the event that the Congress cut, suspended or revoked Egypt’s share in the FMF funds, and according to clauses in the foreign military sales contracts, Egypt should bear the costs of defense systems that have been purchased, even if it has ceased to receive grants from the FMF.

However, if Egypt were not responsible for payments deficiencies to U.S. companies, Washington will be forced to pay termination fees for the owners of the contracts, and therefore the United States will pay US$2 to 3 billion in the event it terminated aid to Egypt fully. Some believe that the United States may make payments to the owners of contracts using Egypt’s share in the FMF that is deposited in the Federal Bank.

According to the Defense Office of the Egyptian Military in Washington, 39% of Egypt’s share of the FMF funds is designated for upgrading existing weapon systems, 34% for follow-up support, and 27% for contracts.

According to data from the International Institute for Strategic Studies, Egypt’s total defense budget was nearly US$4.21 billion; as such, annual grants by the FMF to Egypt accounts for about 31% of the total defense spending in Egypt. According to the U.S. Department of Defense, Egypt deposits 30% of the annual grants allocated to the country in the FMF support follow-up Fund.

During fiscal year 2011, the year of the Egyptian revolution, Egypt received quarter of its allocated funds from the FMF, while Israel received nearly 60% of these funds. And despite the lack of verifiable numbers on the total military spending of the Egyptian army, it is likely that the U.S. military aid to Egypt covers a large percentage of the armament spending by the Egyptian Ministry of
Defense, while sources estimate that U.S. military aid accounts for about a quarter of the total Egyptian defense budget annually.

Egypt is no longer the second-largest recipient of U.S. aid in the world; it ranked fifth in the U.S. foreign aid budget in 2012. The first was Israel, which received US$3.075 billion, followed by Afghanistan with US$ 2.327 billion, Pakistan with US$ 2.152 billion, Iraq with US$1.683 billion, and Egypt with US$1.557 billion. Also in 2013 Israel ranked first with US$ 3.1 billion, followed by Afghanistan with US$ 2.505 billion, Pakistan with US$ 2.228 billion, Iraq with US$ 2.045 billion, and Egypt with US$ 1.563 billion.

The U.S. Department of Defense has tried over the years to convince the Egyptian military to gradually start focusing more on counterterrorism equipment rather than traditional combat equipment. A key source of concern to lawmakers is security in the Sinai Peninsula, and this is a clear indication that the purpose of providing military aid to is to have the Egyptian turn its attention away from strategic challenges, so that it focuses instead on police work and turns away from traditional combat missions. This was also evident during the recent visit of U.S. Secretary of Defense Chuck Hegel to Egypt, where he discussed terrorism and smuggling in the Sinai, with former defense Minister Gen. Abdel Fattah al-Sissy.

Military aid to Egypt is divided into three broad categories, namely the supply of equipment, modernization of existing equipment, and maintenance operations and ongoing support through contracts.

Cooperation between Egypt and the United States in the production of Abrams M1A1 battle tanks is the cornerstone of U.S. aid to Egypt. Egypt plans to have 1200 tanks of this type, and in accordance with the terms of the program, some of
the components of this tank are manufactured in Egypt, and the rest is manufactured in the United States and shipped to Egypt for assembly. General Dynamics is the prime contractor for this program right now, and so far, 1500 Abrams tank have been manufactured under this program. The Congress was notified in July 2011 of a potential M1A1 tanks agreement and did not object to the deal according to which Egypt will be supplied with components assembled by General Dynamics, which received US$ 395 million in 2011 to supply Egypt with 125 assembled units to use in manufacturing the tanks, pushing the number of tanks produced in Egypt to 1130; the supplying process started in July 2013 and is scheduled to end in January 2016.

U.S. military aid to Egypt, which amounted to US$ 1.3 billion, includes border security programs in the Sinai. In light of the worsening violence in Sinai, U.S. lawmakers believed that a greater part of U.S. military aid should go to ensuring security and stability in the Sinai, countering smuggling through tunnels into the Gaza Strip, fighting extremist groups, and preventing the smuggling of weapons from Sudan and Libya. During 2013 and 2014, Egypt allocated US$ 106 million for the purchase of patrol boats, helicopters, ground vehicles, and other items.

In 2009, Egypt used US$ 24 million of its FMF funds to identify tunnels on the border, reduce pollution, design the Border Tunneling Activity Detection System Point (BTADS) to detect and prevent smuggling along the border with Gaza.

In past years, the United States provided the Egyptian army with many major weapon systems; since 1980, Egypt received more than 224 F-16 fighter jets. Egypt is the fourth largest operator and user of the F-16 fighter jets in the world after the United States, Israel, and Turkey.
The United States provided Egypt with four F-16 jets in January 2013 as part of a deal, approved by Congress in 2009, that included 20 F-16s. The plan was to deliver the remaining jets by the end of 2013, but the United States suspended delivery.

Egypt received from the United States 35 Longbow AH-64D Apache helicopters, and requested the purchase of 10 additional helicopters of the same model using its money from the FMF.

The U.S. government announced in October 2013 that it will give Egypt part of the aid only and will suspend the remaining part; perhaps this is how the U.S. attempted to avoid taking a clear stand on the political changes in Egypt after June 30, which explains the extent of uncertainty experienced by the U.S. administration about the situation in Egypt. The U.S. suspended all joint military exercises with Egypt, the delivery of some weapon systems, and cash transfers, but at the same time continued its military support for the weapon systems purchased in the past. Since 1982, Egypt, according to the peace agreement with Israel, has been receiving grants valued at US$ 1.55 billion, of which 1.3 billion in military aid and the remainder in the form of economic aid.

The United States, as of December 2013, did not pay Egypt its full share in the 2014 budget (from the FMF and the Economic Aid Fund); there where a remainder of about US$ 231 million from the Economic Aid Fund that the U.S. administration did not pay. Funds from the FMF for 2013 were paid on two separate installments, the first was US$ 650 million (unconditional), and the second was US$ 584 million conditional on ending existing armament contracts. U.S. officials said that the amounts required from the FMF until the spring of 2014, and in order to provide those amounts for existing armament contracts, the
U.S. administration is forced to slow down payments to American defense companies; this explains why those companies fear any attempts to cut U.S. aid to Egypt, because American workers take advantage of most of the contracts for arms sales to Egypt under the FMF program. If military aid was cut indeed, the United States will bear the responsibility in particular to compensate private sector companies working in the arms industry.

**Foreign Aid: considerations and options available to the U.S. Congress**

Although there are common interests between Cairo and Washington that call for maintaining strong bilateral ties, and with Egypt possibly seeking to expand its cooperation with Washington, both with administration officials and with the Congress, the U.S. administration is giving the impression that it is reviewing and reevaluating its policy toward Egypt, which indicates that an effort is underway to strike a balance between the interests of U.S. national security and the liberal principles it upholds. The U.S. administration is looking to have long-term military cooperation with Egypt and to emphasize the 1979 peace agreement between Egypt and Israel on the mitigation of the Arab-Israeli conflict.

According to statements by senior officials in the U.S. administration and Congress, the options likely to be considered by the Congress with respect to how to amend the U.S. aid to Egypt could go either way:

- The U.S. administration will be requested to report to the Congress the overall strategy of U.S. aid to Egypt, including possible future bilateral agreements at different levels of aid conditional on U.S. Congress approval.
- The U.S. administration will inform the Congress how Egypt supports the goals of U.S. national security, such as counterterrorism and promoting peace in the region.
- Redirect part of the FMF funds to finance the U.S-Egyptian cooperation in counterterrorism and border security.
- Redirect military aid to civilian purposes, such as financing democracy and good governance or economic development.
- Put more conditions for the provision of U.S. aid by linking the aid to specific political criteria, such as cooperation with Israel, maintaining the peace treaty between Egypt and Israeli, economic reform, tolerance of religious minorities, and freedom of action of non-governmental Egyptian and foreign organizations operating in the field of democracy and human rights in Egypt.

The Obama Administration is faced with conflicting pressures from the Congress and the American arms manufacturers regarding the provision of military aid to Egypt.

Recently, a senior member of the U.S. Senate, Senator Tommy Williams, submitted a bill to the Congress calling for linking military cooperation between Egypt and the United States to the extent of Egypt’s commitment to Camp David agreement with Israel, and for reducing funds allocated for the U.S. participation in the joint military exercise called Bright Star with the Egyptian armed forces. Williams indicated that Israel is the most important ally and friend of the United States in the Middle East and Egypt's commitment to the peace treaty with Israel is vital to Washington. If Egypt decided not to fulfill its obligations under that treaty, the United States should respond with reconsidering its military relations with Egypt.

The American weapons manufacturers, a significant pressure group in any American elections, reject the idea of stopping the supply of weapons to the Egyptian army, as it will result in the cancellation of existing contracts;
production lines working to supply Egypt with weapons would stop, causing heavy losses and the loss of thousands of jobs.

**B - Joint military exercises**

The exchange of combat expertise and joint training is one of the key fundamentals of defense ties between Egypt and the United States. Since 1994, the Egyptian army and the U.S. Army have been participating together in the of "Bright Star" military exercise that is held every two years with the participation of a number of countries, including Germany, Jordan, Kuwait, and Britain. The purpose of these exercises is to enhance military cooperation between the United States and Egypt, as is the case with the rest of the allied countries. These military exercises helped the U.S. Army train to fight in desert conditions in the Middle East, but they were postponed in 2003 when the George W. Bush administration insisted on invading Iraq, and were resumed more broadly in 2005 and 2007. The United States is critical of the Egyptian military leaders for refusing to let Israel participate in the Bright Star military exercises.

The two countries also conducted in 2008 joint naval exercises called "Eagle Salute"; the exercises included training on reconnaissance, search and rescue of ships, destroying surface and air targets, and combating hostile submarines. With these exercises, the two countries seek to address maritime piracy and secure geostrategic straits.

As part of the increasing pressures exerted by the United States on Egypt and the Egyptian military, last year's Bright Star exercises were canceled, but experts estimate that Egypt will not lose too much, and that the U.S. benefited more from them than Egypt did.

**How joint military relationships benefit the two countries**
Egypt helped the United States achieve its strategic goals in the Middle East, and through the joint coordination in the fight against terrorism and cooperation in the management of military exercises in the Middle East. The United States benefited tremendously from allowing U.S. military aircrafts to fly in the Egyptian airspace, and from prompt authorizations for hundreds of American warships to cross the Suez Canal. Egypt also facilitated U.S. movements in the region by air and by sea. As a result of this relationship, Egypt managed to avoid going to war with arch-foe Israel for more than 30 years, which enabled the Egyptian economy to focus on other aspects; Egypt depended on the West for armament after a period of full dependence on Russia for armament.

**Challenges to the military relationship between the two countries**

The United States calls on Egypt frequently to change some of its internal policies and to shift its focus to international threats to the region, such as the fight against terrorism. Often, the United States would claim that Egypt does not offer enough to support the joint relations compared to the material and military support the United States offers to Egypt. The U.S. Congress is in the habit of raising many issues when discussing military aid to Egypt, such as demanding that Egypt establishes more open relations with Israel, taking further action to secure the border with Israel and Gaza to prevent arms smuggling, protect religious freedom of minorities in Egypt, especially the Christians, and the need to work toward achieving political and security reform, and achieve independence of the judiciary among other issues.

**Second: the future of military relations between Egypt and the United States**

Although predicting the future of military ties between Cairo and Washington seems a difficult task, it can be said that relations between the two countries
during the coming period will not continue the way they are now. And despite repeated statements by Chuck Hegel that Egypt plays a very crucial role in the fulfillment of the obligations contained in the Camp David agreement and Israel's security, the points of tension may have an impact on the relations with Egypt in the coming period; this includes the possibility that Egypt might demand modifying the security Annex in the Camp David agreement. Also, there is a tendency in Washington that calls on president Obama to put pressure on Egypt in order to change its policies to better serve the U.S. interests in the region.

International aid is one of the main ways to exert pressure in international relations; there is no doubt that U.S. aid to Egypt is important and difficult to do without, in light of the economic conditions faced by Egypt now. However, the continued U.S. pressure at this current level will lead to forming a popular movement that refuses U.S. domination over not only decisions made by the Egyptian military, but also over political decisions.

It is unlikely that Washington will cut military aid to Egypt fully because it helps promote strategic objectives of the United States in the region, and this has benefited the United States tremendously.

It is not the first time the U.S. has threatened to cut aid and it will not be the last; the United States have always used this to put pressure on Egypt to achieve U.S. political interests. Therefore, disapproval by the Congress of the U.S. military aid to Egypt is an absurd charade that has been going on in the Congress for the last few years, because some pro-Israel congress members disapprove of the aid. Eventually, the criticism ends by asserting that this aid is necessary to ensure U.S. national security. It should be noted that the arms market is one that is
controlled by the seller not the buyer, and sellers make sales according to their interests, and this is what the U.S. is doing with Egypt.

The United States will seek in the coming period to focus on the intensification of regular security dialogue with Egypt, so as to include both military and civilian officials in order to formulate defense requirements during the transitional phase, with an emphasis on threats and capabilities, defense agreements and the role of the military in the society.

There is no doubt that the developments we are seeing in the Middle East, especially in Syria, Iraq, North Africa, and Yemen, and in particular the terrorist activity in Sinai, necessitates intensification of security cooperation, which was at exceptional levels in this area in the past years. But this cooperation will be much affected by the pressure exerted by Washington on Egypt, and the continued U.S. meddling in Egyptian affairs in a manner that clashes with the will of the Egyptian people.

Statements by senior officials in the U.S. administration and Congress suggest there are trends to restructure military aid by reducing the amounts allocated for the purchase of weapons and equipment, and increasing amounts allocated for the international military education and training program (IMET), as well as directing foreign military assistance to support the capabilities of the Egyptian military in the face of external threats such as border security and terrorism, particularly in the Sinai. This will require generations of change within the Egyptian military, and this, in turn, requires continued convergence between the Egyptian and the U.S. militaries and the regional militaries too. It is possible that the U.S. will keep this a key objective during the coming period to maintain the tools of influence among the military elite.
The U.S. focus on the need to confront terrorism in the Sinai as a priority, as it is strongly linked to Israel's security, reveals the contradicted U.S. positions and raises a lot of questions; Washington has refused to return the Apache helicopters that were sent for maintenance although it realizes that they are used in countering terrorism in the Sinai.

The reemergence of competition between Russia and the United States provides Egypt with bargaining chips that would require decision-making circles in Washington to reconsider their positions. In fact, many in Egypt believe that this military aid, though important, has not resulted in an accumulation of strategic experiences for the Egyptian military, and led to exposing military capabilities to Israel. It also prevented indirectly the development of the Egyptian military capabilities in the field of manufacturing and development of weapons.

Perhaps the political and popular momentum that characterized the visit of General Al-Sissy recently to Moscow, the exchanged visits by military delegations between the two countries, and confirmed reports on arms deals would send a clear message to decision makers in the United States to stop the obvious exploitation of the aid issue to try and change the will of the Egyptian people. Broad sectors of the political and popular elite resented intervention by U.S. Secretary of Defense in Egyptian affairs. The recent phone call by the U.S. Secretary of Defense to congratulate the new Egyptian Minister of Defense, and the statements by the spokesman of the U.S. Ministry of Defense that during this call the Defense Secretary stressed the need for conducting fair presidential elections, all of this was rejected by many people because Washington no longer enjoys the same leverage and appeal.
The United States should realize that its military aid to Egypt constitutes a common interest, and that ceasing this aid will limit the U.S. influence not only in Egypt but in the whole region.