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Egypt under Sisi

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Inside:

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Summary

In 2013 an army-backed coup removed the unpopular government of Mohammed Morsi of the Muslim Brotherhood. The new authorities changed the constitution, held a presidential election that massively confirmed Abdel Fatah al-Sisi in power. After a postponement parliamentary elections took place in November and December 2015. The new parliament is unlikely to wield decisive influence.

Though he has come in for sharp criticism from outside, Sisi remains very popular among Egyptians.

The new government embarked from the start on a vigorous crackdown on opposition forces, including Islamists, liberals and human rights campaigners and the press.

The government of Abdel Fattah al-Sisi banned the Muslim Brotherhood and arrested thousands of its supporters, sentencing hundreds to death in mass trials. Morsi himself was handed a death sentence in May 2015.

Some death sentences have been quashed, however, in what may be something of a change of course.

There are mounting concerns about violence from *jihadi* groups, some tied to ISIS, particularly in the Sinai Peninsula. Dangers were underlined by the bombing of the Russian airliner in the Sinai with the death of everyone on board.

Observers are also worried that more radical elements among Muslim Brotherhood supporters could resort to violence.

The Egyptian economy remains in severe difficulty, with tourist revenues hit by insecurity fears; loans from the Gulf States have tided the government over. The latest figures suggest a return to growth.

1. Sisi's takeover

1.1 Mursi's collapsing support

Over the course of 2013 the popular support for the Muslim Brotherhood government of Mohammed Mursi gradually evaporated. The Muslim Brotherhood seemed intent on placing its supporters in every position of power, so different from the cautious approach it had followed at the beginning of the Egyptian uprising.

Violence between pro- and anti-Muslim Brotherhood youths broke out after the constitutional referendum in December 2012, in which only about a third of the electorate had bothered to vote.

In January the head of the Armed Forces, General Sisi, warned of the possible collapse of the state.

Huge demonstrations against the government broke out, encouraged both by secular groups and, later, by the armed forces; the government's approval ratings collapsed.¹

In June, the government appointed a hard-line Islamist as governor of Luxor. Adel el-Khayat was a member of Gamaa Islamiya, a group associated with militants who killed 58 tourists in 1997.

1.2 Mursi removed from power

At the beginning of July, the Armed Forces issued an ultimatum for the Government to end the political crisis or have the Armed Forces intervene with its own 'road map'.²

On 2 July, Mursi made a defiant statement, in which he rejected any challenge to his constitutional legitimacy and said that he was willing to die to defend it. He warned that there might be violence if any attempt were made to remove him. He said "I will not accept any measures that would shake legitimacy. This is rejected, it is rejected, it is rejected."³

On 3 July, the military finally made its announcement. Al-Sisi said in a short televised address that Mursi's response to the Army ultimatum "did not meet the demands of the people". The Egyptian Armed Forces would act on its patriotic responsibility "without side-lining, marginalising any party."⁴

The military suspended the constitution and arrested Mursi and other Muslim Brotherhood leaders.⁵

After the coup, a new constitution was put to a referendum on 16-17 January 2014. 98% of those who voted approved the document, according to official results, but on a turnout of only 38%.⁶

¹ ['Egyptians' Views of Government Crashed Before Overthrow'](#), Gallup, 2 August 2013

² ['Egypt army statement in full'](#), *Al-Jazeera*, 1 July 2013

³ 'Morsi rebuffs calls to step down', *Financial Times*, 3 July 2013

⁴ ['Transcript: Egypt's army statement'](#), *Al-Jazeera*, 3 July 2013

⁵ For more on the military coup and its aftermath, see the Library briefings [Coup in Egypt, July 2013](#) and [Egypt: May 2014 update](#), May 2014

1.3 Presidential election 2014

In 2014 an election was held to confirm Abdel Fatah al-Sisi in the presidency. The election was criticised by election monitors from both the EU and from Democracy International, a US NGO, as falling short of international standards and suppressing opposition to Sisi.⁷

The results of the election were as follows:

Egyptian presidential election 2014

| Candidate | Votes | % |
|----------------------|------------|-------|
| Abd al-Fatah al-Sisi | 23,780,104 | 96.91 |
| Hamdeen Sabahi | 757,511 | 3.09 |

1.4 Parliamentary election 2015

The old parliament, elected under the Morsi presidency, had already been dissolved by the time of the coup against the Muslim Brotherhood presidency, and legislative powers were assumed by the presidency after the coup. Elections for a new People's Assembly were originally expected to take place in 2014. A new date was set for 21 March 2015 but the Supreme Court ruled in that month that the legal basis for constituencies was unconstitutional and the elections were put on hold.⁸

The provisions in the electoral law that had been deemed unconstitutional by the Supreme Constitutional Court were amended, but the changes will not strengthen parliament. According to one analysis, the new system is described as "nothing more than business as usual".⁹

70% of the seats in parliament are reserved for individuals rather than party representatives: a further limit on parliament's ability to challenge the presidency. Even so, the President called on parties to form a single coalition to back a single 'national vision'.¹⁰

Elections to the House of Representatives were held in two phases, from 17 October to 2 December 2015. The turnout was very low – with some rounds attracting around a third of the electorate. Many parties did not participate or were blocked by the authorities and many independents support the government, or are connected to the old government of Hosni Mubarak. For the Love of Egypt is a coalition of secular centre-right parties led by a former intelligence officer and is probably the strongest force in the new parliament.

⁶ [Politics \(Egypt\)](#), in Europa World online. London, Routledge. House of Commons

⁷ ['Comparing Election Monitoring Statements From Egypt'](#), *Carnegie Endowment for International Peace*, 29 May 2014

⁸ ['Why Does Sisi Need a Parliament?'](#), *Fikra Forum*, 12 March 2015

⁹ Ahmed Morsy, Casper Wuite, ['A Return to the Mubarak System'](#), *Carnegie Endowment for International Peace*, 21 April 2015

¹⁰ Mohamed el-Shewy, ['Sisi's Parliamentary Fears'](#), *Carnegie Endowment for International Peace*, 6 March 2015

The new assembly was charged with reviewing legislation passed by the government while there was no parliament from 2013.

President remains popular

While Egyptians may not have shown much enthusiasm for the parliamentary election, the President himself remains very popular. Almost 90% of them approved of his performance in a poll held in June 2015, although this had declined slightly to 85% in December 2015.¹¹

¹¹ [‘Egyptian President’s approval rate at the end of his first year in office’](#), Baseera, 6 June 2015; [‘President El-Sisi and the Prime Minister’s approval’](#), Baseera, 5 December 2015

2. The campaign against the Muslim Brotherhood and other opposition groups

2.1 Muslim Brotherhood

The Sisi government, supported by the anti-Muslim Brotherhood Gulf States of Saudi Arabia and the United Arab Emirates, has conducted a vigorous crackdown on supporters of the Muslim Brotherhood. The MB



was declared a terrorist organisation in December 2013 and its assets were confiscated, while its political wing, the Freedom and Justice Party, was later dissolved. Human Rights Watch reported that probably as many as

Image: University of

Texas

a thousand of its supporters were killed during demonstrations after the toppling of President Morsi.¹²

Over 40,000 people were detained or indicted in less than a year after the coup and reports of torture and disappearances at the hands of the police and other security forces were widespread, according to Amnesty International:

Among the methods of torture employed are techniques previously used by state security during Mubarak's rule. These include the use of electric shocks, rape, handcuffing detainees and suspending them from open doors.¹³

The government has made it much more difficult to hold demonstrations and easier for the police to ban them. Many of the arrests are for violations of the new framework, in place since November 2013.

In February 2014, the Interior Ministry denied that it had tortured detainees:

¹² [All According to Plan](#), Human Rights Watch, 12 August 2015

¹³ ['Egypt: Rampant torture, arbitrary arrests and detentions signal catastrophic decline in human rights one year after ousting of Morsi'](#), Amnesty International press release, 3 July 2014

Torture?

Recent media claims that some detainees filed a complaint against the Interior Ministry, claiming they suffered from torture or bad treatment inside prisons and police stations, are untrue. [...] All state institutions are ready to receive any complaint from any prisoner in Egyptian prisons to investigate them and take necessary measures against guilty policemen, out of care to enhance principles of human rights and preserve citizens' dignity.¹⁴

Egyptian rights groups rejected the statement.

In June 2014 three Al-Jazeera journalists were given jail sentences on terrorism-related charges. Al-Jazeera is regarded as being close to the Muslim Brotherhood.

By summer 2014, the human rights group Amnesty International described the decline in the protection of human rights as 'catastrophic'.

Many human rights and other civil society organisations and pro-Muslim Brotherhood media sources have been shut down; most privately-owned newspapers are uncritical of the government.

Thousands of Muslim Brotherhood leaders and supporters have been imprisoned – the group said in 2015 that 29,000 of its sympathisers were in custody.¹⁵

Mass incarceration

Morsi himself was given a death sentence in May 2015, along with 105 others, in connection with a mass jail breakout and attacks on the police during the 2011 uprising. The final verdict was postponed, however, for confirmation by the Grand Mufti, the highest religious authority in Egypt. The court confirmed the sentence on 16 June 2015 but it would automatically go to appeal.¹⁶

A leading member of the group died in prison in May 2015, amid accusations that he had been provided with inadequate health care.

Observers have worried for some time that preventing the Muslim Brotherhood from participating in Egyptian politics could result in frustrated Islamists turning to more confrontational methods.

It appeared that these fears were well-founded when newspapers reported that youthful members were increasingly agitating for revolutionary tactics.¹⁷

Brotherhood split?

The government may be keen to see such a split. The Brotherhood's internal unity has historically been one of its great strengths, while any association with violence could allow the government to claim that its banning of the group had been vindicated and should be maintained, keeping the Brotherhood out of mainstream politics.

¹⁴ ['Interior Ministry denies torture allegations'](#), *Cairo Today*, 12 February 2014

¹⁵ ['Egypt's Political Prisoners'](#), *OpenDemocracy*, 6 March 2015

¹⁶ ['Egypt court confirms death sentence for ousted president'](#), *Washington Post*, 16 June 2015

¹⁷ ['Egypt's Muslim Brotherhood youth push for confrontational tactics'](#), *Financial Times*, 10 June 2015

However, it could also spell trouble for Egypt's internal order and security, which is already undermined by violence from radical groups.

2.2 Rethink?

The Al-Jazeera journalists were pardoned and released in September 2015, along with 100 others, in a presidential pardon timed to coincide with Eid al-Adha, the Muslim festival.

In December 2015 a court overturned the death sentence on Muslim Brotherhood leader Mohammed Badie and 36 others (although Badie still faced a death sentence for another conviction).

A Turkish newspaper close to the government of Recep Tayyip Erdoğan suggested that the changes might be due to reconciliation between Turkey and Saudi Arabia:

The decisions came less than a week after Turkish President Recep Tayyip Erdoğan visited Saudi Arabia, which was one of the eager supporters of the coup. The damaged relations between Ankara and Riyadh over Morsi's ouster during King Abdallah's reign, was restored after King Salman took the throne. Amid the chaotic atmosphere in the region, Turkey and Saudi Arabia are positioning themselves closer to each other as the two countries enjoy similar interests in Iraq, Syria and Yemen.¹⁸

In February 2016 an Egyptian appeal court quashed the death sentences handed out to 149 Islamists who had been found guilty of attacking a police station and killing police officers.¹⁹ A new trial would be held in a regular criminal court.

2.3 Liberals and the labour movement

Socialists and liberals are also among those in custody. One liberal activist regretted supporting the 2013 coup: "everything we rose against in the January 25th [2011] revolution is back and worse than before."²⁰

There were claims in June 2015 that the government was stepping up its persecution of liberal protesters, particularly labour activists. There were reports of a steep increase in forced disappearances – one rights group said that there had been 91 disappearances in April and May 2015.

Disappearances

The now banned April 6 Youth Movement, which was prominent in the 2011 revolution, had called for a general strike on 11 June. There has been increasing industrial unrest in Egypt, which will set alarm bells ringing with the government; the trade union movement made an important contribution to the downfall of the Mubarak government.

In January 2016, a diplomatic crisis between Egypt and Italy erupted over the torture and death of Giulio Regeni, a Cambridge PhD student who was studying Egyptian trade unions and also wrote under a

¹⁸ 'Egyptian appellate court cancels Morsi's death sentence', *Daily Sabah*,

¹⁹ '[Egypt court overturns mass death sentences](#)', *Al-Jazeera*, 3 February 2016

²⁰ *Ibid.*

pseudonym for a communist newspaper critical of the government.²¹ Observers were baffled as to why an EU national would be targeted in this way, given the uproar it would cause.

2.4 Noor

The Noor party is considered closer to fundamentalist Salafist positions than was the Muslim Brotherhood. It distanced itself from the Brotherhood and was not banned. Noor supported al-Sisi in the 2014 election and contested the 2015 parliamentary election. Nevertheless, the party has faced some important legal challenges.

²¹ 'Why was he killed? Brutal death of Italian student in Egypt confounds experts', *Guardian*, 24 February 2016

3. Security

Under Hosni Mubarak, the power of the Egyptian military was maintained with significant defence spending, supported by \$1.3 billion in annual military funding from the United States from 1987 onwards.²² Despite the spending, it was not Egypt's policy to project power outside its borders aggressively. The Egyptian military did participate in the Gulf War to drive Iraq out of Kuwait, but otherwise its posture was largely defensive.

Along with an aggressive drive against political opponents at home, the Egyptian government of Abdel Fattah al-Sisi has pursued a more active military policy abroad. Its air strikes against militants in Libya were carried out without coordination with the US but with offers of support from Jordan and the United Arab Emirates.

In February, Sisi called for more military cooperation between Arab countries faced with the threat of *jihadi* unrest. It is particularly between the UAE and Egypt that cooperation is growing, but Saudi Arabia and Kuwait have also been in on discussion to set up a joint force.²³ Jordan, France, Italy and Algeria have also been mentioned by Egyptian officials as potential partners.

Arab multinational force?

The UAE has money but few citizens while the opposite is true for Egypt (Saudi Arabia, the biggest Gulf population, numbers less than 30 million and there are only about 1 million Emiratis). Both the UAE and Egypt see the Muslim Brotherhood and ISIS as threats.

The Sisi government created a Rapid Deployment Force (RDF) in March 2014 to enhance the ability to respond to security threats abroad. Cairo plans for the Egyptian RDF to form the core of the proposed multinational force. The bilateral defence arrangements of many of the proposed members with the US has complicated matters, though.

3.1 ISIS and the Sinai Peninsula

As well as external threats, Egypt faces serious domestic problems of *jihadi* violence, and these are reported to have got a lot worse since the 2013 coup. Most attacks have targeted the police and the army, although some have been aimed at tourists.

Egypt has for some time faced dangerous instability in the Sinai Peninsula. Groups such as Jama'at al-Tawhid wal-Jihad existed for some time and carried out serious attacks in the 2000s. Ansar al-Sharia was formed after the coup which removed the Muslim Brotherhood from power, and the level of violence in the peninsula has increased, armed in part by weapons flowing out of chaotic Libya.

Egypt did not initially have a high profile with regard to ISIS, despite Sisi's general support for the international campaign against ISIS. And

'Islamic State'

²² For more on US military funding to Egypt, see [Egypt: Background and U.S. Relations](#), Congressional Research Service, 3 March 2015

²³ ['Egyptian Leader Calls for Joint Arab Military Force'](#), *Wall Street Journal*, 23 February 2015

although the Assad government is not popular with the new Egyptian regime, there are historic ties between the two countries' powerful militaries, from the time of the fractious and short-lived United Arab Republic, a union of Egypt and Syria, and from the jointly-planned attack on Israel in 1973. The Egyptians have always warned very strongly about the danger of a collapse of the Syrian state or its delivery into the hands of violent *jihadi* groups.

The *jihadi* group Jamaat Ansar Beit al-Maqdis has killed hundreds of police and soldiers in the north of the Sinai, and claimed affiliation to the Islamic State of Iraq and the Levant, or ISIS. The Sinai has been declared the 'Wilayat Sinai', or the Sinai province of the self-proclaimed Islamic State. In January 2015 the group attacked a police building in Cairo with a car bomb and in February they targeted South Korean tourists with a suicide bombing attack. In June Ansar Beit al-Maqdis fired rockets at an airport used by the Sinai peacekeeping force created as a result of the 1979 peace treaty between Israel and Egypt.²⁴

In October 2014, the government announced its intention to demolish large parts of the town of Rafah, on the border with the Gaza strip. This was to double the width of the buffer zone along the Gaza border, to combat the traffic of arms that was taking place through tunnels under the border. More than 1,000 homes were demolished, with residents given short notice to evacuate, and there is now little left of the town. Compensation was offered for buildings but not for land, which was deemed to be military property in the first place. Activists described the demolitions as "the second Nakba of Sinai" – the first Nakba (disaster) being the Israeli occupation of Sinai in 1967.²⁵

In June 2015, a suicide bomber blew himself up at the Temple of Karnak near Luxor. No group had claimed responsibility for the attack but reports suggested that the style was similar to attacks carried out by ISIS-affiliated groups.²⁶

In January 2016 the Egyptian branch of the ISIS said it had bombed a pipeline that carries gas to Jordan and to a major industrial zone in north Sinai.

Analysts warn that the level of violence is likely to rise in the Sinai, despite attempts by the stretched Egyptian security forces to crack down.²⁷

The Sharm el-Sheikh air disaster

On 31 October 2015 an Airbus 321 chartered by a Russian airline and on the way to St Petersburg crashed in the Sinai desert, killing all 224 people aboard.

²⁴ 'Jamaat Ansar Bayt al-Maqdis fire rockets at MFO airport in Egypt's Sinai Peninsula', Janes Terrorism and Insurgency Centre, 9 June 2015

²⁵ '[Egypt begins demolishing 1,220 houses in Rafah](#)', *Middle East Monitor*, 9 January 2015

²⁶ '[Suicide bomber attacks Egypt's Luxor temple tourist site](#)', *Daily Telegraph*,

²⁷ 'Islamic State's attack against airport in El Gorah highlights increasing risks to MFO forces operating in Egypt's Sinai', *Janes Intelligence Weekly*, 10 June 2015

At first Egyptian and Russian authorities indicated that terrorist attack was unlikely, but the local affiliate of ISIS, Jamaat Ansar Beit al-Maqdis, claimed responsibility.

It was later confirmed that a bomb had downed the plane.

3.2 Libya

The beheading of 21 Egyptian Coptic Christians in February 2015 by a group claiming affiliation to ISIS dramatically increased Egypt's focus on its neighbour Libya. The Egyptian air force carried out air strikes against alleged ISIS targets in the Libyan town of Derna, including training camps and weapons stores. The area is reported to be outside the control of either of the competing Islamist and secularist governments of Libya.²⁸ The action was said to be coordinated with the authorities in Tobruk, near the Egyptian border and the Libyan air force reportedly took part in the air strikes. The other government, based in Tripoli, said that Libya's sovereignty had been violated.

Egypt called on the international coalition against ISIS in Syria and Iraq to take action "against the terrorism of ISIS and other groups in Libya."²⁹ The government of the UAE said that it would put its capabilities at the disposal of the Egyptians in the battle against terrorists.³⁰

²⁸ For information on the situation in Libya, see the House of Commons Library Standard Note [Libya: deepening conflict](#), 13 November 2014

²⁹ ['Egypt bombs jihadi targets in Libya after beheadings'](#), *Financial Times*, 17 February 2015

³⁰ ['Egypt warplanes strike ISIS targets in Libya'](#), *Al-Arabiya*, 16 February 2015

4. International reaction

The EU and the US, as well as other international voices, condemned the sentence, and the matter was raised with the Egyptian Ambassador to the UK.³¹ Turkish President Erdogan said that the West was turning a blind eye to the situation in Egypt, while criticising Turkey.³²

Questioned in March 2015 about the human rights violations, the UK government said that it was making representations to the Egyptian authorities:

I raised our human rights concerns with Ministerial interlocutors in the Egyptian Government during my trade mission to Egypt in January. This included a wide-ranging discussion with the Prime Minister of Egypt where I was clear that the UK Government wanted to see the rule of law, transparency and respect for human rights strengthened in Egypt. I also met the Minister of Defence and stressed the importance of taking into account the social and economic development needs of the local population when tackling genuine security threats in the Sinai.

I also regularly discuss human rights with the Egyptian Ambassador in London. Most recently, on 4 February I raised strong concerns about the case of 183 individuals who had their death sentences confirmed by an Egyptian court. I stressed the importance of respecting the human rights of defendants in all cases.

We continue to believe that stability and prosperity in Egypt is dependent on open and inclusive politics and on full respect for the rights contained in the Egyptian constitution. That is why in recent months Foreign and Commonwealth Office Ministers have asked the Egyptian authorities to take action to release journalists and political detainees who remain imprisoned, to review mass judicial decisions, and to remove restrictions on civil society.³³

The EU issued a statement condemning the mass trial of 230 defendants in February 2015: 'Today's mass trial of 230 defendants and thirty-nine minors violates Egypt's international human rights obligations.'³⁴

In the US, the Obama Administration congratulated President al-Sisi on his inauguration:

President Obama called Egyptian President Abdelfattah al-Sisi today to congratulate him on his inauguration and to convey his commitment to working together to advance the shared interests of both countries. The President reiterated the United States' continuing support for the political, economic, and social aspirations of the Egyptian people, and respect for their universal rights. President al-Sisi expressed appreciation for the call and welcomed U.S. support for the new government. The two leaders affirmed their commitment to the strategic partnership between

³¹ HC Deb [Written question – 328](#), 3 June 2015

³² [‘Morsi death sentence draws reactions from Turkey and world’](#), *Today's Zaman*, 17 May 2015

³³ [Written question – 226952](#), HC Deb 10 March 2015

³⁴ [‘Statement of the spokesperson on the sentencing of activists in Egypt’](#), European External Action Service press release, 4 February 2015

the United States and Egypt and agreed to stay in touch in the weeks and months ahead.³⁵

In February 2015 the US State Department said that the administration was “deeply troubled” by the mass sentencing to life imprisonment of 230 defendants, saying that such mass trials made fair review of evidence and testimony impossible.³⁶

4.1 US military assistance

There are provisions in US law to prevent foreign assistance to countries whose elected head of government is removed by coup d'état or decree. Although there was considerable controversy about whether al-Sisi's removal of Mohamed Morsi from power constituted a coup for those purposes, the US annual funding of the Egyptian military, to the tune of some \$1.3 billion per year, continued almost unabated throughout.³⁷ The deliveries of certain large armaments orders were suspended in 2013, however. The suspension was eased in December 2014 with the delivery of some Apache helicopters and in March the freeze was ended; F16 fast jets, tanks kits and Harpoon missiles were delivered.³⁸

F16s delivered to Egypt

In May 2015, the US administration submitted a formal report to Congress in justification of the continued funding to the Egyptian military, as required by the State Department's appropriation legislation. The report concluded that Egypt was too important strategically to stop the funding, but it also contained a list of the human rights violations for which it held the Egyptian government responsible.³⁹

4.2 UK relations with Egypt

Aid

The UK's Department for International Development (DFID) has a modest aid programme in Egypt as part of the Arab Partnership. In March 2015, the government provided the following summary:

Since 2011 DFID has provided assistance to Egypt through the regional £125 million Arab Partnership Economic Facility (APEF), which supports economic reform and development in Egypt, Tunisia, Jordan, Morocco and Libya. Examples of DFID support in Egypt include technical assistance for the passing of a new micro-finance law and the development of a new poverty database; the provision of capacity building support and access to finance for micro, small and medium-sized enterprises; and a rights and skills programme for female-headed households.

Many of the regional APEF projects will continue in 2015/16 and support will also be provided through the cross-government

³⁵ ['Readout of the President's Call with Egyptian President al-Sisi'](#), White House press release, 10 June 2014

³⁶ ['Washington 'deeply troubled' by Egypt's mass sentences'](#), *Middle East Monitor*, 5 February 2015

³⁷ [Egypt: Background and U.S. Relations](#), US Congressional Research Service, 3 March 2015

³⁸ ['Obama lifts freeze, ships arms to Egypt'](#), *CNN*, 31 March 2015

³⁹ [Certification pursuant to Section 7041 \(a\) \(6\) \(C\) of the Department of State Foreign Operations and Related Programs Appropriations Act 2015](#), 12 May 2015

Conflict, Stability and Security Fund (CSSF). The programme of CSSF assistance for Egypt in 2015/16 is currently being developed; future funding is still to be considered.⁴⁰

Conflict Stability and Security Fund

There were a number of Conflict Pool projects in Egypt that counted towards UK Overseas Development Assistance (ODA) for 2012-14. These ranged from assistance to a campaign against violence against women to fact-finding missions to the UK by Egyptian officials and support for security sector reform. The total expenditure on these projects was about £650,000.⁴¹

The Conflict Stability and Security Fund (CSSF) replaced the Conflict Pool in April 2015.

In 2015-16 the CSSF fund has a project working on economic stability in Egypt, summarised as follows:

To support a more democratic, prosperous and secure Egypt through technical assistance to the Egyptian Finance, Trade & Industry, and Social Solidarity Ministries provided by HMG experts; providing targeted support to female headed households in one of Egypt's poorest regions; and delivering policy support to think tanks and grass roots organisations pushing for greater accountability and scrutiny of economic policies.⁴²

Sinai peacekeeping force

In February 2016 the Defence Secretary Michael Fallon announced that the UK would be contributing 100 armed forces personnel to the Multinational Force and Observers, a non-United Nations peacekeeping force that was set up under the Egypt/Israel peace treaty of 1979. An officer with the rank of Major was already serving on the force.

⁴⁰ HL Deb [Written question - HL5897](#), 25 March 2015

⁴¹ [Statistics on International Development 2015](#), Department for International Development, December 2015

⁴² Development Tracker, [CSSF Programme - Economic Stability in Egypt](#), Department for International Development

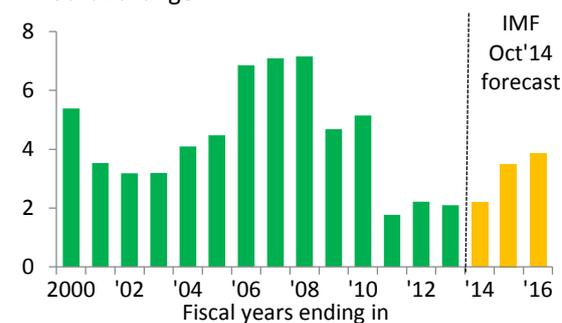
5. Economic profile⁴³

Egypt is Africa's third largest economy behind Nigeria and South Africa, but remains a poor country with GDP per capita (a measure of living standards) around a third below the average for the Middle East and North Africa region and slightly over half that of Romania.⁴⁴

After a period of strong growth averaging around 6% between 2005/6 and 2009/2010,⁴⁵ the political turmoil and social tensions following the January 2011 revolution led to economic instability over the past four years. GDP growth fell to around 2% a year (barely keeping pace with population growth), investor confidence was badly hit, and tourism (an important part of the economy) collapsed. All this led to a rapidly deteriorating budget balance, with a large deficits of at least 10% of GDP being recorded in every year since 2010/11. Significant grants totalling more than \$20 billion from some Gulf States to the Sisi-led government after it seized power in 2013, have helped fund this deficit.

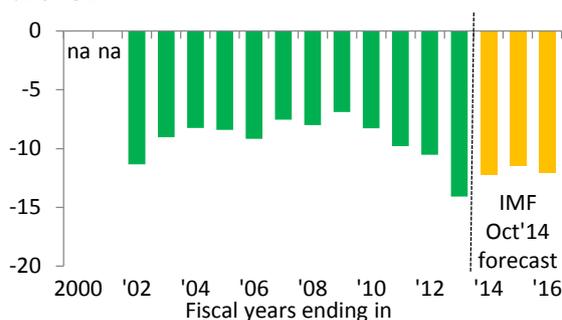
GDP growth

Annual % change



General government budget balance

% of GDP



Deep structural problems, evident before the 2011 revolution, remain challenges to achieving faster growth and reducing poverty (26.3% of the population live on less than \$569 per year⁴⁶). These include poor infrastructure, inefficient labour markets, an underfunded education

⁴³ This section is largely based on IMF, [Article IV consultation staff report](#), Feb 2015; "Egypt's economy: Pyramid scheme", *The Economist*, 21 Feb 2015; FT.com's [beyondbrics blogs](#) on Egypt; data are based on IMF, [World Economic Outlook October 2014 database](#) and the IMF Article IV report unless otherwise stated.

⁴⁴ IMF data for 2014; US\$ adjusted for purchasing power across different countries.

⁴⁵ All data are in fiscal years (July to June the following year)

⁴⁶ Egyptian statistics office, "[26.3% from Egyptian are poor and 4.4% are in food poverty](#)", 17 Oct 2014; UNICEF, [Children in Egypt 2014: a statistical digest](#); and World Bank, [MENA quarterly economic brief](#), Jan 2014

system and a weak private sector. In international comparisons of competitiveness Egypt performs poorly. In its *Global Competitiveness Report*, the World Economic Forum ranks Egypt 119th out of 148 countries in 2014/15.⁴⁷ Meanwhile, the World Bank's *Doing Business* have Egypt ranked 112th out of 189 countries for "ease of doing business".⁴⁸

The Sisi government has been keen to attract foreign investment and has introduced economic reforms, including reducing costly fuel subsidies, to improve the competitiveness of the economy and lower the budget deficit. This emphasis on political stability and economic reform has improved confidence in the Egyptian economy's prospects, with the IMF stating in February 2015 that the measures are "starting to produce a turnaround" and forecasting growth to improve over the next few years.⁴⁹ However, the high budget deficit and low levels of foreign exchange reserves also leave the economy vulnerable to external shocks, such as surge in volatility in global financial markets.

In March 2015 there was a conference in Sharm al-Sheikh, where the UAE, Kuwait and Saudi Arabia each pledged \$4 billion dollars to help the Egyptian economy.⁵⁰

In May, ratings agency Standard and Poors improved its outlook for the economy to "positive"; the Egyptian government said in October that the economy had grown by 4.7% in the first nine months of fiscal 2014/15.⁵¹

⁴⁷ World Economic Forum, [The Global Competitiveness Index 2014–2015 rankings](#) [accessed 17 Mar 2015]

⁴⁸ World Bank, [Ease of Doing Business in Egypt](#) [accessed 17 Mar 2015]

⁴⁹ IMF press release, "[IMF Executive Board Concludes 2014 Article IV Consultation with the Arab Republic of Egypt](#)", 11 Feb 2015

⁵⁰ 'Gulf states bolster Egypt with financial support at Sisi summit', *Euronews*, 13 March 2015

⁵¹ 'Will Sisi's economic reforms succeed?', *Al-Monitor*, 25 August 2015

6. Outlook

Western governments appear to have accepted the fall of the Muslim Brotherhood government without huge protests. Conservative Sunni Arab governments have largely welcomed it. The two main reasons for this? Popular support and hopes for stability.

Firstly, the coup was genuinely popular and Sisi seems to retain the approval of the majority of Egyptians. With such turmoil recently, both inside Egypt and in the region, it is perhaps not surprising that Egyptians long for order. "A least we are not Iraq or Syria" is the refrain of many supporters of the government.⁵²

Secondly, with the aftermath of the 2011 uprisings being so chaotic, many countries look to Sisi to bring desperately-needed political and economic stability within Egypt; and look to Egypt (the most populous Arab state) to promote stability in the region, particularly with the disastrous conflict in Libya and the rise of ISIS in Iraq and Syria.

However, many commentators have questioned whether Sisi is bringing durable stability at home. According to one local author, the Muslim Brotherhood is a 'ticking time-bomb', as some voices within the Brotherhood call for violence.⁵³ Younger Brotherhood members are beginning to take a much more prominent role in the organisation, and they are tending to 'support an escalation with the Sisi government'.⁵⁴ Inflammatory comments from some close to the Brotherhood leadership combined with brutal suppression of Brotherhood members and exclusion of its sympathisers from such political processes as exist raises the spectre of growing political violence in the country.

Though relations with the West were not broken off as a result of the removal of President Morsi, they remain uncertain. As well as moving closer to the Gulf Arab states, Egypt has made overtures to Russia.⁵⁵ It remains to be seen whether Syria-related realignments between Saudi Arabia, Qatar, Turkey and Egypt, whose governments have pursued different approaches to the Brotherhood, change Egypt's domestic politics.

⁵² ['Worse than Mubarak'](#), *Economist*, 2 May 2015

⁵³ Maged Atef, ['Is Egypt Actually Stable?'](#) Fikra Forum, 18 March 2015

⁵⁴ Mostafa Hashem, ['A Generational Battle Among Brothers'](#), Carnegie Endowment for International Peace, 29 January 2015

⁵⁵ ['Egypt and Russia conduct naval exercises in the Mediterranean'](#), *Middle East Monitor*, 11 June 2015

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