

EGYPT'S FOREIGN POLICY: AN ADOPTED RATIONAL CHOICE MODEL

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ABSTRACT

After two revolutions, the 25th of January 2011 and the 30th of June 2013, Egypt's foreign policy is at crossroads. Challenges facing policy makers are diverse and enumerated. This situation necessitates a rational management of a foreign policy under stress. In other words, the rational choice model, as an approach to foreign policy issues, is highly recommended and adopted by the new regime under president Abdel-Fattah El-Sisi. Adoption of this model requires the identification of the challenges, goals and the tools, of which foreign policy is an effective one. Therefore, this paper will start with the major challenges which confront Egypt under president Abdel-Fattah El-Sisi and then role of foreign policy to overcome them using the rational choice model as an analytical approach.

KEYWORDS: Foreign Policy, Foreign Policy Analysis, Rational Choice Model-Security Challenges, Economic Challenges

INTRODUCTION

In an article with a title "Revolution and World Order: The Revolutionary State in International Society.", David Armstrong argued that revolutionary regimes witness fundamental changes concerning inter-state relationships.¹ However, Azzurra Meringolo viewed that this wasn't the case in the post revolution Egypt under the rule of Supreme Council of the Armed Forces (SCAF) and Mohamed Morsi, the Muslim brotherhood's president. He argued that post Mubarak Egypt adopted a traditional foreign policy which had given priority to the U.S., Europe, and the Arab Gulf states. This policy, Azzurra continued, didn't have a strategic vision over the long run and took positions without following a programmatic line and it, hence, showed itself to be ineffective.² Concerning the current phase, under President Abdel Fattah El-Sisi, in which the transformation became a necessity, restituting stability and regaining Egypt's central regional role are major challenges. In addition to these challenges, Egypt foreign policy confronts a big number of challenges for which a rational choice model is recommended.

Due to historical and geostrategic considerations, certain dictates orient and direct the Egypt's foreign policy. For example, Egypt depends on the Nile River, which originates outside its borders and unites it as a source of life. Therefore, to secure the flow of the Nile which is the major source of water supplies, Egypt must keep leverage on its southern borders. Another geostrategic issue comes from the Levant and the Sinai Peninsula which was for a long time the overland

¹David Armstrong, *Revolution and World Order. The Revolutionary State in International Society*, Oxford, Clarendon Press, 1993, p. 3. Other than Armstrong, other authors focus on the relationship between revolution and foreign policy. Said, Abdel Monem, (2014), *Post-Revolution Egypt's foreign policy*, Crown Center for Middle East Studies, Middle East Brief,

² Meringolo, Azzurra, (2015), *From Morsi to El-Sisi: Foreign Policy at the Service of Domestic Policy*, Istituto Affari Internazionali (IAI), pp. 1-2.

roust of foreign invasion. In addition to the geostrategic consideration, Egypt's economy represents a very critical issue for decision makers on the internal and external level. Due to the sequent phases of wars which overburdened the Egyptian economy, the unplanned and unsuccessful economic reforms and corruption, Egypt's economy deteriorated to a very large extent creating a lot of tension and instability. That's why economic growth and development played and still play an important role in the orientation of Egypt's foreign policy for a very long time.

The 25th January revolution and the protracted transition that followed represent an essential milestone in Egypt's political transformation. At its inception, the Egyptian revolution was not related to foreign policy and is unlikely to have much bearing on relations abroad in the immediate future as the three slogans of the revolution were bread, freedom and social justice. Although the three slogans seem to be concerned with domestic demands, of course, foreign policy will be involved. In such a volatile internal situation, where will change come from and what degree of change would be expected?³ Domestic public opinion and local political landscape is highly considered from those who are conducting the Egyptian foreign affairs. Not only were Egyptians fed up with Mubarak's corrupt and failed management of domestic affairs, but also with the regime's foreign policy which negatively affected Egypt's strong and effective regional role and its status in the international community. Egyptians deeply resented the fact that their country's continuous subordination to the United States and Israel had led to the gradual deterioration of Egypt's status and leadership in the Arab world. By electing General Abdel-Fattah Al Sisi as a president, Egyptians don't only have domestic ambitions concerning economic growth and development but also they dream that Egypt will regain its prestigious status in the regional and global levels through an inspired and rational choice based foreign policy.

LITERATURE

No doubt that the Egyptian revolutions, 25th of January and the 30th of June, attracted the attention of a big number of political studies which focused on Middle East politics and possible political transformation in the countries of the region, especially the Arab countries. Moreover, these studies considered the Arab Spring to be an initiative of waves of liberalization and democratization through adopting internal democratic institutionalism and external open-minded, goal and rationale oriented foreign policy. They started to shed light on Egypt's foreign policy from the time of Nasser to the current time to make a sort of comparison between the contexts in which foreign policy decisions are discussed and made. Different studies tried to analyze Egypt's foreign policy by considering the context which shaped the foreign policy, in other words, what were the major challenges which faced Egypt in the different presidential periods and how these challenges oriented the decision making process concerning the foreign policy. Other studies viewed that Egypt foreign policy was used as a tool by the sequent presidents to legitimize their rule as a major objective which could be achieved and enhanced through obtaining and maintaining security and enhancing the economy. In the following section, the study will shed light on both views and then clarify its view and the logic behind it.

Concerning the first perspective, some studies view that the sequent Egyptian political regimes were always under stress, internal and external. Hence, these studies tried to explain the circumstances which motivated Egypt's presidents to adopt a certain foreign policy. Under Nasser's rule, foreign policy was motivated by the desire to liberalize the state from imperialism and its negative impacts on Egypt. Besides, Egypt's hostility towards Israel, the Zionist state, structured a

³ Droz-Vincent, Philippe, (2012), A Post-Revolutionary Egypt's foreign policy?... Not Yet, *Op-Med, Opinions on the Mediterranean* Instituto Affari Internazionali (IAI), pp. 1-2.

large part of the Egyptian mentality and its orientation of Egypt's foreign policy. Due to these motives, Nasser tried to unite the Arabs, Islamic and African Countries as all of these countries were imperialized and the first two face an enemy, the Zionist state. In *The Philosophy of the Revolution*, Gamal Abdel Nasser defined the three "circles" that Egypt's foreign policy needed to address: the Arab, the African, and the Islamic countries.⁴ Laura James wrote that from Nasser's opinion in late 1966 and early 1967, there were three main enemies: Imperialism, represented by the United States and Britain, the Zionist Israel, the "imperialist base in the heart of the Arab homeland, and to the "Arab reactionaries."⁵ Laura assumed that recent liberalization from Britain, nationalization of the Suez Canal discarding the British and French interests created a sort of resentment against the Egyptian state. In addition, Nasser saw the United States as his real opponent, out to destroy him and the Egyptian revolution: "The battle we are fighting is not an easy one; it is a battle in which we are fighting America, the greatest power in the world."⁶ He conceived that the US has malicious intentions towards the Arabs, especially due to its continuous backing for Israel. Thus Nasser believed and assured that there is a big plot between imperialism and Zionism, which coordinated as malicious movements against our nation. Foreign policy under Sadat faced political and economic challenges too, the war with Israel and rebuilding and compensating the economy of Egypt. Having none of the aura of Nasser's towering personality, Sadat was further constrained by the difficult inherited legacy. The 1967 war had disintegrated Egypt's spirit leaving behind a beaten army, a dispirited and shaken people and above all a collapsed economy. Besides, there was also a stiffening political situation to contend with; as Sadat himself so aptly described, the country was suffering from "a sense of frustration on the national, political and military levels."⁷ After the 6th of October war, Sadat turned towards rebuilding the shattered economy of Egypt and to alleviating the hardships of his people. Thus, after the cease-fire, when the United States and Soviet Union co-sponsored a peace conference on West Asia in Geneva on 21 October 1973, unlike Syria, Egypt decided to participate, as a result of which it agreed to discuss the disengagement agreement with Israel.⁸ Although security and economy represented persistent challenges under Mubarak rule, however, Mubarak foreign policy wasn't successful in both sides. The risks and potential threats to Egypt, both from the Southern and North-eastern fronts, are growing steadily and rapidly, and that Egypt's ability to control the unfolding developments in these regions is diminishing steadily and rapidly too.⁹ On the Southern front, Sudan, as the second downstream state with Egypt, has become fragmented and is threatening to split into separate political entities. There is also an intense pressure on the Egyptian administration concerning the Nile Basin countries to review the international treaties regulating the river water distribution between downstream and upstream states, because of these states' naturally growing need for water. Pressure is also premised on the growing Israeli influence that seeks to lay siege to Egypt and blackmail it in order to achieve more concessions and strategic objectives in the Middle East conflict.¹⁰ Although the Nile Issue, the major source of water supply, security and economy still persist as the three pillars of Egypt foreign policy, the 25th of January revolution and the domestic political landscape represent a triggering force pressing the foreign policy decision making process to satisfy the revolutionists' demands. The societal revival will inevitably influence both the Egyptian political

⁴ Gamal Abdel Nasser,(1955) *The Philosophy of the Revolution* (Cairo: Dar Al Maarif,).

⁵ James, Laura,(2005), *Nasser and His Enemies: Foreign Policy Decision Making IN Egypt on The Eve of The Six-Day War.*, Middle East Review of International Affairs, Vol. 9, No. 2, p 23.

⁶ "Labour Day" speech, May 2. Jabber, International Documents on Palestine, 1967.

⁷ Sawant, Ankush,(2016)*Recent Changes IN Egypt's Foreign Policy*, qq.sagepub.com at EKB-Public-Access Parent, on April 12, 2016

⁸ Ibid, p 27.

⁹ Nafaa, Hassan (2010), *Egypt's foreign policy: Challenges and prospects for correction*, Al Jazeera Centre for Studies,jcforstudies@aljazeera.netwww.aljazeera.net/studies, p 2.

¹⁰ Ibid, pp.2-3.

system and foreign policy. Restructuring of the Egyptian political architecture, the SCAF, the emergence of new revolutionary forces, youth and liberals, with their diversified and different views, religious groups mainly Muslim Brothers and Salafis and the new balance of power directly impacted the conducting Egyptian foreign affairs. With this scenario, neither the SCAF, which was responsible for managing the state's affairs after Hosni Mubarak, nor president Morsi was able to initiate new steps in conducting Egypt's foreign affairs. The SCAF, which was the guardian of the ex-presidents orientation of foreign policy considered any deviation from these orientations, would be a catastrophe for the stability of Egypt. For president Morsi, it wasn't only the unstructured Egyptian political architecture but also the contradictory ideologies of the different components of this structure which precluded change. Although the SCAF preferred no deviation from the previous foreign policy context; the revolutionists wanted a decisive change in Egypt's previous foreign policy which led to the deterioration of Egypt's status both in the regional and global level. The third group, the Muslim brotherhood, of which president Morsi was a member, a frank obedient to the orders of the general guide of the group and a keen mentality to realize the objective of his group and other related religious groups, Salafis, had a totally different view based on the establishment of the Islamic Emirate based in Sinai. These competing forces and ideologies represent constraints which preclude new initiatives in Egypt's foreign policy under Morsi's administration.

While the previous studies viewed that Egypt's foreign is an outcome of stress and challenges, other studies viewed it as a tool of acquiring legitimacy. When president Gamal Abdel Nasser, in the philosophy of the revolution, identified the aforementioned three circles upon which Egypt foreign policy should be based, he manipulated the foreign policy to consolidate his legitimacy, divert attention from internal affairs and contain his political opponents mainly the Muslim Brotherhood. Linking the internal affairs with international politics was a characteristic of regimes which equated their regime survival and national security. Moreover, pan-Arabism as a policy adopted by Nasser intended to bring Egypt a dominant role in Arab politics and enabled the regime to gain a high level of popular support not only inside Egypt but throughout the Arab region.¹¹ When Sadat succeeded Nasser, he lacked the latter's popular legitimacy. Therefore, he tried to enhance his legitimacy at home by engineering the Corrective Revolution 1971 by which he removed powerful Nasserite figures from authority and from governmental institutions, mainly the Socialist Union and the military forces. Moreover, Sadat established alliances with the Arab oil producing countries and launched a war against Israel in 1973.¹² Taking sovereignty and economy into consideration, when Sadat initiated a peace treaty with Israel, Sadat's main concerns were to liberalize the occupied Egyptian territories and obtain American financial assistance for development. The Camp David peace treaty with Israel brought directed US aid programs and loans from international economic organizations, mainly, the International Monetary Fund. After Sadat, to consolidate his legitimacy, Hosni Mubarak tried to make a sort of equilibrium between Nasser's nationalist policies and Sadat close relationship with the US. Besides he tried to bring Egypt back to the Arab fold by normalizing Egypt's relations with the boycotting Arab countries and mediating between the Palestine and Israelis which resulted in an increase in the financial aids to Egypt. Assuming authority, president Morsi as an elected president thought that his legitimacy is based on the Egyptian popular support. Although this was somehow true in the beginning of Morsi's rule; however, his decisions, made by him, for example his presidential decrees are non-negotiable and enforced, also actions taken by his group for example, the Ikwaniization process, appointing members of the

¹¹ Raymond, Hinnebusch, Annoshiravan eteshami, eds (2014), *The foreign Policy of The Middle East states*.

¹² Darwish, Hossam, (2014-2015), *Regime Survival Strategies and the Conduct of Foreign Policy in Egypt*, Middle East Review of IDE-Jetro, p 47.

Muslim Brothers in critical governmental positions to control joints of the Egyptian state, put his imagined legitimacy at stake.

Although the issue of presidents' legitimacy is important to orient and direct the decision making process in conducting foreign affairs, the researcher argues that stress and challenges which face decision making process and decision makers in Egypt exceed in their significance searching for legitimacy. This is due to the fact that being able face the challenges and reduce pressures would enable the leadership to acquire not only legitimacy but popularity as well. The current president Abdel Fattah Al Sisi, elected by twenty three millions (23000000) with a competitor, Hamdeen Sabahi, getting about seven hundred thousand (700000) proves the legitimacy of Al Sisi as a president on the domestic level, although on the external level some states claim the illegitimacy of his rule and describe the 30 of June revolution as a coup. Considering the external feedback about his rule, president Al Sisi concentrated on the ways to overcome the challenges which confront Egypt, which he thinks the channel to the hearts of Egyptians through an agenda which addresses the main challenges and steps recommended and required to overcome them. This research is going to shed light on Egypt major challenges, recommendations to face them and steps implemented to overcome these challenges.

RESEARCH METHOD

This research adopts the decision making approach which lies at the heart of the foreign policy analysis. Generally speaking, the decision making approach focuses on the principal individuals and institutions which participate in the foreign policy synthesis and the processes in which decisions are reached and become policies. However, if decision making is at the heart of foreign policy analysis, the issue of rationality is at the center of the decision making approach.¹³ Besides, decision making approach focuses on concrete decision makers, the rational actors, acting on behalf of the state rather than the abstract state as an actor by itself. Here the rational actors, first, identify the challenges which face the state and set them in terms of their significance and seriousness, set the goals through careful calculations and order them in terms of priority and identify the possible alternatives to each of these goals. Then, given the full and required information for deciding, the rational actors will use this information to decide on, through the decision making process the best policies and actions. With the case of Egypt the research identifies first the major challenges which face Egypt; these are classified as security related challenges and economy related challenges. Here, president Al Sisi and his government, as a rational actor, will prioritize the challenges in accordance to their significance, check and verify all the recommendations to overcome them and then, through the decision making process, identify the basic decisions to be made to start implementing them. After making the decision, the process of implementation will start with an action plan which identifies the major actions to be executed to achieve the previously established goals. The following model (Figure 1) clarifies how the research is conducted, where challenges are identified, goals are determined, decisions are made and finally actions taken.

¹³ Tayfur, M. Faith, (1994), Main Approaches to The Study of Foreign Policy: A Review., METU SW studies in Development, (21), (1). Pp. 130-1.

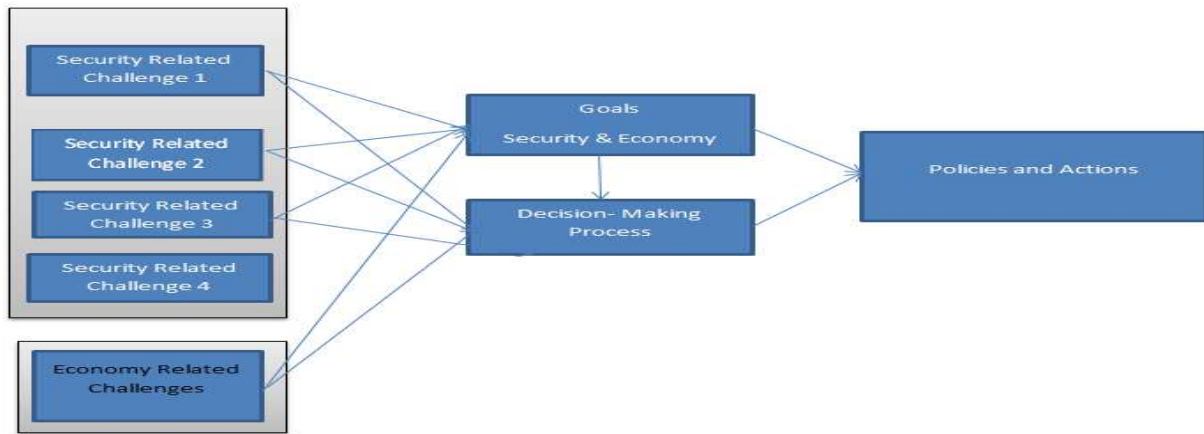


Figure 1

Research Type

This research is an empirical causal research. This type of research involves the collection and analysis of evidence. Regardless of the type of evidence presented, empirical causal research offers an answer to a causal research question that helps us to better understand why something is the way it is.¹⁴ In this context, this research collects data and evidence about the challenges which face Egypt's foreign policy after the 25th of January and the 30th of June revolutions and how these challenges represent a cause behind selection and adopting the rational choice model to guide Egypt's foreign policy. So, the causal relationship here isn't demonstrated in two or more sequent events or actions where the existence of an event or action leads or causes another event or action to occur; however, it is manifested in that due to the serious challenges which Egypt face, it has to adopt the rational choice model. Simply stated, the existence of these challenges necessitates the adoption of the rational choice model as if these challenges are the causes behind the existence of the rational choice model.

Challenges Facing Egypt's Foreign Policy

When president Abdel-Fattah El-Sisi assumed power on 8 June 2014, after being elected by the presidential election held on 26–28 May 2014, he was totally oriented towards restituting, maintaining Egypt's security and recovering Egypt's contracting economy due to the political instability which Egypt witnessed starting from the January revolution in 2011. Economic recovery and balancing foreign currency cash flows need security and stability. El-Sisi's vision of security and developing economy was surrounded by a lot of challenges which must be overcome to achieve the goals. These challenges are as follows:

Security Related Challenges Facing Egypt's Foreign Policy

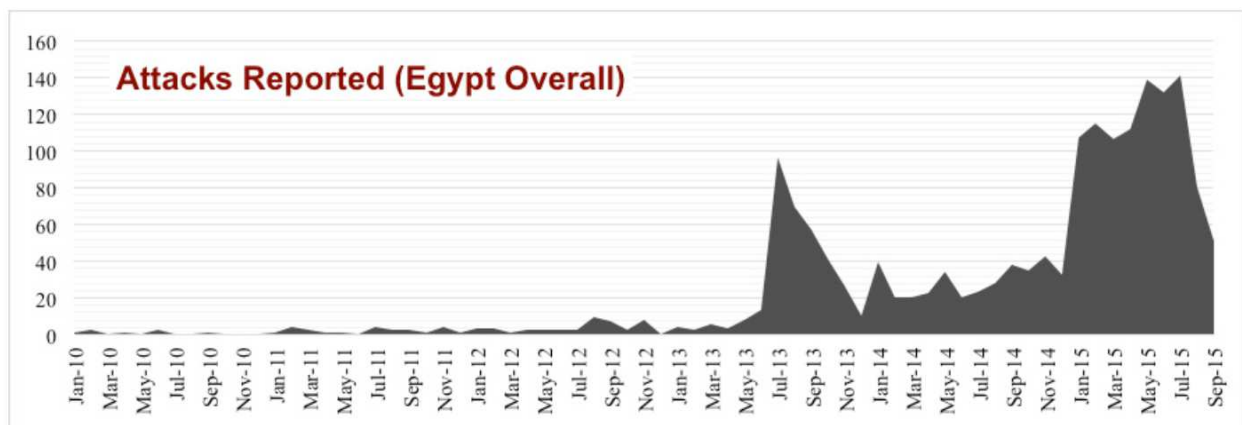
Egypt's foreign policy faces many challenges. These challenges were formidable and multi-dimensional, and many of them were directly linked to Egypt's national security, said Egypt's Foreign Minister Sameh Shoukri. There is no doubt that facing these challenges required the confrontation of a number of internal challenges, of which terrorism stands as the most important and serious.¹⁵

¹⁴ Minkoff, Scott L., A Guide to Developing and Writing Research Papers in Political Science, Barnard College, p 7.

¹⁵ Foreign Minister Sameh Shoukry's interview in Al-Ahram on 19 December 2015:
<http://www.ahram.org.eg/NewsQ/460623.aspx>

Terrorism

With the toppling of Mohamed Morsi, the Muslim Brother president, due to a mass revolution in 2013 terrorist attacks from the Muslim Brotherhood group and its Islamic extremists allies started to strike enumerated and different parts of Egypt. While Egypt has confronted times of insecurity in the past, the current violence has an unprecedented character that is particularly unique to the post-June 2013 context. Analysts often point to former removal of President Muhammad Morsi's from power as a defining moment in violence escalation in Egypt, and indeed, July and August 2013 saw rates of terror acts unprecedented in the previous years.¹⁶ Terrorist attacks by Islamist militants have left hundreds of security forces dead or injured in just a few months.



Source: The Tahrir Institute for Middle East Policy

The Muslim Brotherhood is known for its ability to make political deals, but even if its leaders conclude it, it is in the organization's best interest to return to the political process, either accepting or pretending to accept the new ground rules, there will always remain a sufficient number of suicidal hard-liners who would wage a war of attrition against the state. In fact, the period from January to June 2015 has seen a nearly 400 percent increase from the previous six months in the number of reported incidents outside of the Sinai Peninsula. The assassinations come during a wave of terrorism in the country. Although there have been a number of spectacular attacks, most of the violence is made up of frequent and smaller-scale attacks. On average, nearly 120 acts of terrorism have been reported per month thus far in 2015, versus around 30 per month in 2014. This increase coincides with the late 2014 emergence of smaller groups operating outside of the restive Sinai Peninsula (such as the Revolutionary Punishment and the Popular Resistance Movement).¹⁷ There are several major differences between Egypt's security problems in the 90s and now. In the 1990s, small groups of militants carried out attacks without much international support. Today, a range of players has embraced terrorism and violence, which makes the groups difficult to keep track of. External actors such as Al-Qaida and ISIL (Islamic State in Iraq and the Levant) have continued to support local groups regardless of their interest in any domestic political conflict. And in turn, these conflicts spur sympathies toward terrorism as an alternative political project or an easy route for revenge.¹⁸ In addition, some of the intelligence apparatus of countries which aims at destroying Egypt are involved in supporting and training of terrorists to execute terrorist attacks in Egypt.

¹⁶ Egypt's Security: Threat and Response," The Tahrir Institute for Middle East Policy (October 2014): Section 2A.

¹⁷ Nancy Okail and Allison McManus, (2015) Egypt's Old Strategy for New Terrorism, Why It Won't Work, Foreign Affairs,

¹⁸ Ibid.

The Instable Regional Arab Environment

With the emergence of the Arab Spring wave in 2011, which spread in a big number of states in the Arab region, such as Lybia, Sudan, Iraq and Syria, Egypt geo-strategic environment was highly threatened as it became a state surrounded by failing states which, in addition to terrorism, confronted a great scope of exported tension from these states. The Near East region remained a primary source of terrorist activity, with ISIL exploiting and exacerbating the ongoing conflict in Syria and instability in Iraq to seize contiguous territory in western Iraq and eastern Syria for a self-declared Islamic caliphate. Al-Qaida (AQ) and its affiliates continued to seek and take advantage of opportunities to conduct operations amidst this fragile political and security climate, including in Yemen, Syria, and North Africa.¹⁹This has dramatically exacerbated threats and vulnerability of Egypt as these states didn't only export violence and tension to Egypt, but also, due to their fragility, facilitated the massive smuggling of weapons inside the Egyptian territory. An important source of threat to Egypt comes from the western side where Lybia is Located. A new danger extends along Egypt's 1,000 kilometer western border with Libya. Due to the deteriorating conditions in Libya, especially in the east of the country, the Egyptian border is no longer threatened by the customary smuggling of weapons and drugs. Libya's collapse, demonstrated in the failure of Libya's governmental institutions to perform their security and deterrence functions, has made the entire shared border a staging ground for the spread of extremists organizations armed with weapons left behind by Gadhafi regime, which they can easily distribute. The danger coming from the west coincided by an equally significant danger inside Egypt, the fall of the Muslim Brotherhood regime following the revolution of the 30 of June portrayed a defeat of political Islam which represented a frustrating and destroying strike against the supporters of the Islamic political current.²⁰Moreover, the establishment of ISIL as an Islamic State in Lybia posed a sort of threat towards Egypt. The increasing number of ISIL militants in Lybia has doubled in 2015 or so as many as 6,000 fighters with aspiration to conduct attacks against the US, its allies and Egypt. The increasing number of ISIL in Lybia makes it the largest ISIL branch that the militant group operates outside Iraq and Syria.

Another threat to Egypt comes from the Eastern border where Hamas government, one of the military arms of the Muslim Brotherhood, resides in Gaza Strip. Hamas doesn't hesitate to take advantage of Egypt instability to smuggle its men to Egypt. Hamas government compromised Egypt's sovereignty in the Sinai Peninsula, either by smuggling weapons through tunnels or by providing direct access to a variety of terrorist groups. Another threat comes from Sudan, a state previously divided into north and south and currently is facing a threat of secession from Darfour in the west. This represents a sort of fragility of the Sudanese state which threatens the southern security of Egypt. Besides, what happened in Iraq after the fall of Saddam Hussein's regime and the sectarian strife which exploded in Iraq dividing it into a bloody battlefield not only threatened the Iraq's security but the regional security as well including Egypt's security as a regional partner. Also, the Syrian civil war which started as a peaceful anti-government demonstration in March of 2011 as a part of Arab Spring, quickly escalated after the government's violent crackdown and rebels began fighting back against the regime. Army defectors had loosely organized the Free Syrian Army and many Syrian civilians took up arms and joined the opposition. Division between secular and Islamist fighters and between ethnic groups continue to complicate the politics of the conflict.²¹

¹⁹ Country Report on Terrorism 2014

²⁰ [www. Al-monitor.com-Security-](http://www.al-monitor.com/Security/) 2014, Will Egypt's Military Intervene to Secure Libyan Border?.

²¹ www.mercycorps.org, 2016, Quick Facts : What you need to Know About The Syria Crisis?

The New Scenario of Sykes-Picot Agreement

Another challenge which confronts Egypt's foreign policy is the new scenario of the old Sykes-Picot agreement (1916). The old Sykes-Picot Agreement (1916) was enforced by the superpowers of the day, Britain and France, with buy-in from Russia. The immediate aim was colonialism. The lines were literally drawn for the next nine decades. Another important goal of the era, creating "Kurdistan", never actually happened. The new scenario of Sykes-Picot Agreement started in 2003 when the invasion of Iraq opened the struggle among the Sunnis, Shi'ites and Kurds. It unleashed the forces behind some of the Arab Spring-driven chaos in Syria, and drew Iran deep into the Iraqi conflict. Shi'ite militia and Iraqi government attacks on Sunnis opened the door for Islamic State to step in as Sunnis' protector.²² The struggle metastasized into the ongoing, broader conflict. The Kurds are expanding the land they control out of Iraq and into Turkish and Syrian territory. The Turks look to repel that effort and perhaps seize some territory to tidy up their own border with Syria. Russia has re-entered the region as a military force. Iran is already there via proxy forces. Syrian President Bashar al-Assad still holds territory, but only alongside Islamic State. The United States is training, assisting and equipping groups often fighting each other.²³

The new scenario continues through negotiating a comprehensive resolution that addresses all of the issues, borders and struggles now underway. That resolution will need to be enforced with military power coordinated by the United States, Russia and Iran with each speaking for, and agreeing to corral its proxies. It will mean giving ISIL a seat at the table, as the British were forced to do with the Irish Republican Army in the 1990s to resolve the "troubles" in Northern Ireland. One, by definition, must negotiate peace with one's enemies. That is why, in part, the current ceasefire in Syria, which excluded ISIL, chance of achieving any long-term progress. Out of the new negotiations will have to emerge a Kurdistan, with land from Turkey, Iraq, perhaps Iran, and Syria. Assad will stay in power as a Russian proxy. Iran's hold on Shi'ite Iraq will strengthen. A Sunni homeland, to include the political entity Islamic State will morph into, will need to be assured via a strict hands-off policy by Baghdad.²⁴

No doubt that the aforementioned scenario will threaten the security of the whole region in the Middle East including Egypt and this is apparent in the following points. First, it tries to restructure the internal territory of the states concerned, Iraq, Syria and Yemen into sectarian divisions and hence allowing these divisions to become sources of tension and insecurity not only inside these states but also to the neighboring states. Second, it recognizes and legitimizes the existence of the terrorist organizations, ISIL, by giving them a seat on the table of negotiations. Third, it allows the use of illegitimate force to prevail and hence threatens the stability of political regimes in the neighboring states.

Grand Ethiopian Renaissance Dam (GERD): A Threat to Egypt's Water Security

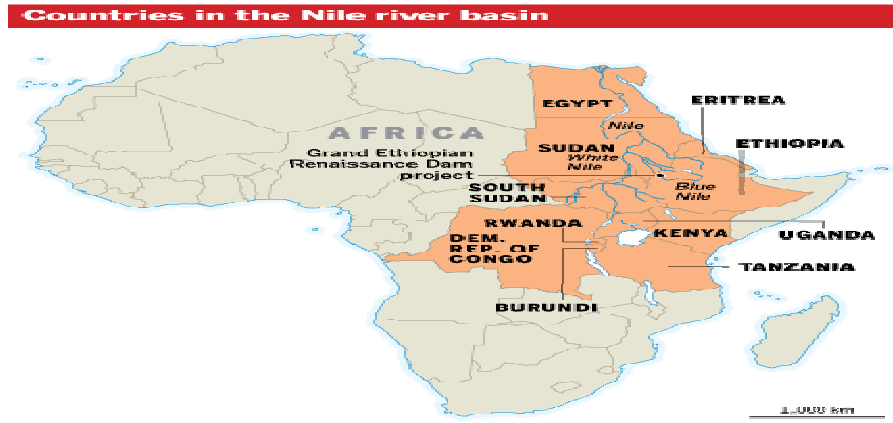
The Nile River is the source of lifeline to the Nile Basin countries in Africa. While the Nile being one of the most important rivers in the world; only 11 countries share the river basin (Burundi-Rwanda- Tanzania- Kenya- Zaire- Uganda- Ethiopia- Eritrea – North Sudan-South Sudan-Egypt). The population of the Nile Basin countries was estimated around 372 million with 54% of the total population lives within the Nile basin. There is no water sharing agreement between the basin countries for how the water should be distributed among them, only Egypt has historical rights under the Nile Water

²² Van Buren, Peter, (March, 2016) Time for a new Sykes-Picot Agreement to fix the Middle East
<http://blogs.reuters.com/great-debate/2016/03/06/redividing-the-middle-east-offers-the-best-chance-for-peace/>

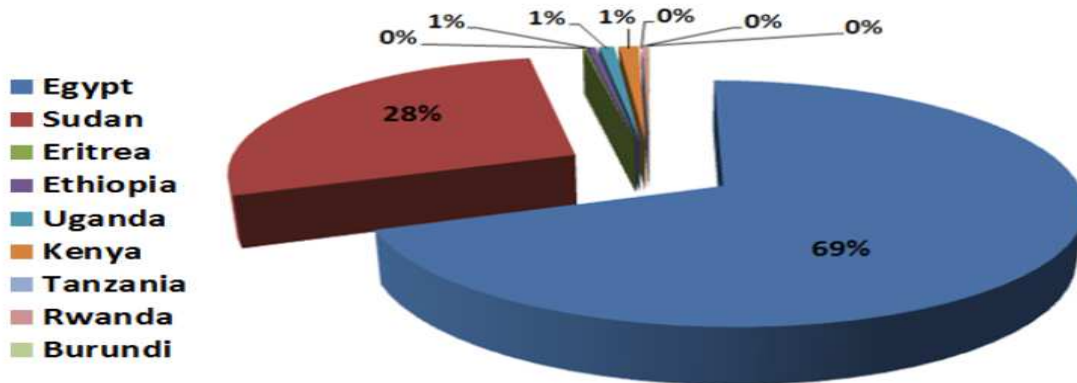
²³ Ibid.

²⁴ Ibid.

Agreement signed with Britain in 1929. This agreement gave Egypt the right to veto any project in upstream countries affecting Egypt’s share of water flowing to it. It is worth mentioning that the 1929 agreement is binding for the three upstream countries Tanzania, Kenya and Uganda on the grounds that Britain, which colonized these countries, was their legal representative and could sign binding international agreements on their behalf. Egypt codified its legal status in an agreement with Sudan in 1959.²⁵



Per- Country Water Demand from Nile River



Over the years, there have been many dams built over the river of varying size and capability. These dams were not big enough to lead to political upheaval. The establishment of the Greater Ethiopian Renaissance Dam (GERD) will cause substantial changes to the water allocation of the river that would significantly and negatively impact water supply to Egypt. The construction of the GERD, started in 2011, caused a lot of problems between the downstream countries and the upstream countries. The downstream countries include Egypt and Sudan. The upstream countries include Ethiopia, Eritrea, Uganda, Congo, Burundi, Tanzania, Southern Sudan, Rwanda and Kenya. The downstream countries argue that they were not a party to those agreements at the time, and therefore do not recognize their legitimacy. The upstream countries want to modify the water-sharing agreement and keep more of the water by building dams, which will directly affect the water share of the downstream states, Egypt and Sudan. The problem is compounded by the projected large population increase in the Nile basin. The UN projects that the population in the 11 basin states will reach 860 million people by 2050. This is pressuring both sides to try to improve their positions in the conflict over the Nile waters.²⁶ The GERD is currently in the

²⁵ Attalla, Rania A.,(2015),Grand Ethiopian Renaissance Dam (GERD), WORCESTER POLYTECHNIC INSTITUTE, p2
²⁶ Al-Labbad, M., 2013 “Egypt, Ethiopia Headed for War Over Water”, Al-Monitor: the Pulse of the

midst of a large-scale political battle between Ethiopia, Sudan, and Egypt. If the construction of the dam is completed, Egypt may have to search for new ways to consolidate its water security. Due to its natural conditions, Egypt is considered one of the biggest countries in the world suffering from the water supplies. Egypt has a total geographic area 1.1 million kilometer square, about 90% of Egypt area is desert and 10% is of the area is inhabited and agricultural. Egypt's main source of fresh water is the River Nile which provides about 96% of fresh water supplies; the other sources of fresh water are the aquifers. Egypt has a big population of around 93.5 million people and there is growing demands of fresh water every day.²⁷ In May 2010, Ethiopia drafted the Entebbe Agreement to modify the historical and legal basis for the sharing of water. Most upstream countries supported the agreement but Egypt and Sudan refused it. The Entebbe Agreement will necessarily affect Egypt's share in the Nile waters and thus represent an existential threat to Egypt.²⁸

Economy -Related Challenges

Three years of instability have taken their toll on Egypt's economy, and the nation has struggled to tackle various economic problems which it can't overcome with the self-help. The biggest challenge has been the extent of Egypt's ability to navigate the storm the Middle East is passing through and to maintain internal cohesion and stability. Amidst this storm, proceeding at a steady pace on the path to economic and social development, while simultaneously enhancing Egypt's political, economic and security infrastructure was the main challenge, said Sameh Shukri Egypt's Foreign Minister.²⁹ To achieve economic development and overcome the economic problems, Egypt is in a bad need for assistance from the developed countries on the one hand and international economic organizations, for example the International Monetary Fund (IMF) and World Bank (WB) on the other hand. How to encourage and motivate the developed countries and international organizations to support Egypt to face its economic problem is an essential task of Egypt foreign policy. Or in other words, how to regain the international confidence in Egypt represents a very important challenge for the Egypt's foreign policy. In the following paragraph, the researcher will, briefly, shed light on some of the major macroeconomic problems which preclude Egypt from attaining Economic development and which elevate the economic challenges to a high degree of seriousness.

To measure the economic growth of any country, Gross Domestic Product (GDP) represents the main tool. Considering Egypt's Economic growth through the years 2010-2016, we will find that the GDP is increasing but in a very limited manner which can't satisfy the demands of Egyptian huge population when it is divided among Egyptian citizens. The Gross Domestic Product (GDP) in Egypt expanded 3.80 percent in the fourth quarter of 2015 over the same quarter of the previous year. GDP Growth Rate in Egypt averaged 3.81 percent from 1992 until 2015, reaching an all-time high of 7.30 percent in the first quarter of 2008 and a record low of -4.30 percent in the first quarter of 2011. (GDP Growth Rate in Egypt is reported by the Central Bank of Egypt).

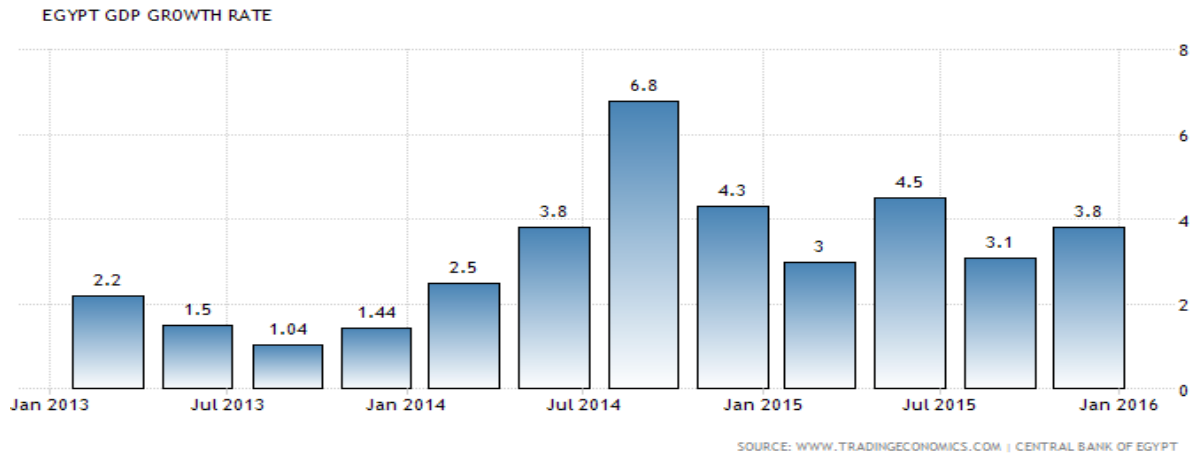
Middle East. Al-Monitor.

²⁷ Abdin, E. & Gaafar, I., 2008, "Rational water use in Egypt", CIHEAM, retrieved from: <http://om.ciheam.org>.

²⁸ Attalla, Rania, Ibid.

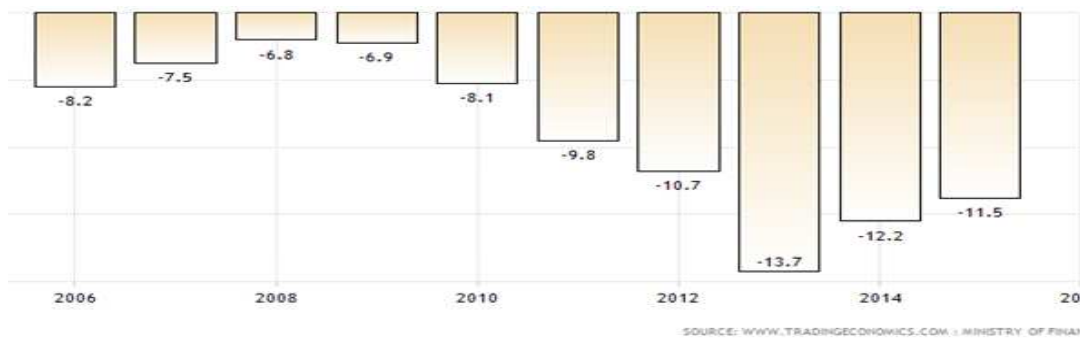
²⁹ Foreign Minister Sameh Shoukry's interview

Gross Domestic Product GDP 2010-2016



Concerning Egypt’s budget, Egypt recorded a Government Budget deficit equal to 11.50 % of the country's Gross Domestic Product in 2015. Government Budget in Egypt averaged -9.66 percent of GDP from 2002 until 2015, reaching an all-time high of -6.80 percent of GDP in 2008 and a record low of -13.70 percent of GDP in 2013. Egypt recorded a Government Budget deficit equal to -9.8 percent of the country's Gross Domestic Product in 2016-2017. (-319bn le) (-11.50 % 2015/2016-251bn Le) It averaged -9.66 percent of GDP from 2002 until 2015, reaching an all-time high of -6.80 percent of GDP in 2008 and a record low of -13.70 percent of GDP in 2013.

Budget Deficit 2006-2014



Concerning the Government Debt, Egypt recorded a Government Debt to GDP of 90.50 percent of the country's Gross Domestic Product in 2014. Government Debt to GDP in Egypt averaged 86.77 percent from 2002 until 2014, reaching an all-time high of 102.30 percent in 2003 and a record low of 73.30 percent in 2009. Government Debt to GDP in Egypt is reported by the Central Bank of Egypt. The public debt increased in 12 months from EGP 1.8tn, 90.4% of the gross domestic product (GDP) in March 2014, to EGP 2.1tn, 93.8% of GDP in March 2015, (according to the Ministry of Finance).

Egypt Government Debt to GDP 2006-2014



External Debt in Egypt increased to 47792.30 USD Million in the fourth quarter of 2015 from 46148.10 USD Million in the third quarter of 2015. External Debt in Egypt averaged 32338.18 USD Million from 1997 until 2015, reaching an all-time high of 48062.90 USD Million in the second quarter of 2015 and a record low of 26132.50 USD Million in the first quarter of 2001. (External Debt in Egypt is reported by the Central Bank of Egypt).

Egypt External Debt 2013-2016



Unemployment Rate in Egypt decreased to 12.70 percent in the first quarter of 2016 from 12.77 percent in the fourth quarter of 2015. Unemployment Rate in Egypt averaged 10.80 percent from 1993 until 2016, reaching an all-time high of 13.40 percent in the third quarter of 2013 and a record low of 8.10 percent in the second quarter of 1999. (Unemployment Rate in Egypt is reported by the CAPMAS, Egypt).

Egypt Unemployment Rate 2013-2016



Concerning poverty in Egypt, although the Millennium Development Goal (MDG) requires action to reduce poverty rates by the end of 2015 to half the rate it was during the base year 1990/1991. The proportion of poor people, according to the national poverty line, has not witnessed a decline since 2004/2005 until 2012/2013 where the proportion of poor people rose from 19.6% in 2004/2005 to 21.6% in 2008/2009. Egypt's poverty rate has increased, reaching 26.3 per cent for the year 2012/13 compared with 25.2 percent in 2010/11 (Poverty Rate in Egypt is reported by the CAPMAS, Egypt).

There are other challenges which exacerbate Egypt's problems mainly in the economic context. These challenges include a sharp decline in the West's and the international community confidence in Egypt, which affects the willingness of the West, developed countries and international economic organizations to provide Egypt with the required economic assistance, loans and grants, to go ahead in the economic development process. Moreover, Egypt status also witnessed a decline in its third world circle which supported Egyptian causes in international forums. As a result, Egypt failed to join the BRICS coalition which aims to work outside the Western dominated international system. Of course the failure to join the BRICS deprived Egypt from available and motivating opportunities to go ahead.³⁰ Another challenge is the energy sector challenge. Egypt's major oil fields are aging, oil production is stagnating and internal consumption of heavily subsidized fuels and electricity has continued its rapid growth. As a result, Egypt has already become a net importer of oil and is expected to soon become a net importer of gas as well. In 2013/14 Egypt's net imports of oil and gas were estimated at close to \$10 billion, compared to \$5 billion net exports five years earlier.³¹

The economic, security, and political challenges are intertwined, and how president El-Sisi navigates them will be critical to both his political legitimacy at home, as well as to the amount of support he can build and maintain from abroad. Stuffed with all of these challenges and problems, both security and economic, it was inevitable that Egypt's foreign policy under president Abdel-Fattah El Sisi must adopt a model or an approach which would enable it to overcome these challenges. The selection of this model must be based on a vision to be realized, actions to be implemented and goals to be achieved. Therefore the political leadership in Egypt selected the rational choice model. This selection is based on three initiatives which president El-Sisi contributed: first, reallocation of human and material resources, second, Egypt must reactivate its regional role to assist in retaining the stable and harmonious regional environment that rests on a stronger Egyptian-Gulf alliance and that embraces the creation of a regional security system. Egypt should cease living in its past but it must focus on future.³² The president's views were materialized in a rational model which includes a variety of actions; these actions are security and economy related actions.

The Rational Choice Model Materialized

Security-Related Actions

Compared to the turmoil sweeping through many parts of the Middle East and North Africa, including neighboring countries such as Libya, Egypt has remained fairly stable; however, Egypt's battle against militants is far from over. Not only were there more attacks after June 2013, but new trends and characteristics of violence emerged as

³⁰ Said, Abdel Moneim, *Ibid.* p 4

³¹ Central Bank of Egypt, *Monthly Bulletin* (January 2015), Table 21, http://cbe.org.eg/CBE_Bulletin/2015/Bulletin_2015_1_Jan/39_21_Balance_of_Payments.pdf; and IMF, *Country Report No. 15/33: Arab Republic of Egypt 2014 Article 4 Consultation – Staff Report* (Washington, February 2015), pp. 27, 51. The 2013/14 figures include energy products imported as grants from the Gulf countries.

³² Said, Abdel Moneim, *Ibid.* p 5. Said, Abdel Moneim, (March, 2013) "The Investment in the Time of Revolution," *Al-Masry Al-Youm* newspaper.

sporadic rioting gave way to a structured and organized violence. The political nature of the violence became more evident through the use of social media to spread messages and images of violence, and terror groups carried out “campaigns” against state actors they deemed illegitimate or immoral.³³

Egypt's Foreign Policy: A Holistic Approach against Terrorism

Considering an appropriate way to face terrorism, Egypt's foreign policy started to set foundations for solid and diversified foreign relations. “We are talking about a foreign policy methodology based on communication and how Egypt can best achieve its interests through its foreign relations” said Egypt's Foreign Minister. In this context, a number of visits have been made by president El-Sisi and the foreign minister to many countries to facilitate the attainment of Egypt's goals. Egypt began to build bridges for strategic relations with a number of countries such as Russia and China. After the faltering of relations between Egypt and both the United States and the European Union, following the overthrow of President Mohammed Morsi, Cairo is greatly in need of balance in its foreign relations and for some breathing room in the Levant to deal with the Western pressure on Egypt. At the political level, the visit of president El-Sisi to Russia comes at a crucial time. Russia is now an international player, primarily in the Syrian crisis, which has turned into a cross-border crisis that is knocking on the doors of the Gulf States and Egypt with the emergence of the danger of the Islamic State and the other jihadist danger coming from Libya. Perhaps coordinating Egyptian-Russian positions on regional issues, whether in Syria, Iraq, Libya or Palestine, has become necessary for both sides. Russia's Middle East presence is in decline and Egypt is facing efforts that could marginalize its regional role to the benefit of other parties, especially Turkey and Qatar. In addition to the political aspect, the United States' hesitation to provide arms to Egypt in light of the challenges faced by Cairo, due to the escalating terrorism on its eastern and western borders, has made Cairo look to Russian arms.³⁴

Moreover, in the context of Egyptian-US relations, 2015 witnessed the resumption of the strategic dialogue between the two countries. The positive and notable development of Egyptian-Russian relations over the past year does not come at the expense of Egypt's strategic relations with the United States. “This is based on the fact that Egypt's foreign policy is not based on the idea of axes and alliances. It is a balanced policy that is open to all and seeks to benefit from the comparative advantage of each and every party and international partner. It is based on the principle of strategic partnerships with the countries that have special ties with Egypt”. Said Egypt's foreign Minister. The strategic dialogue between Egypt and the US is based on mutual strategic interests and, relevant regional issues and challenges that require cooperation and coordination, mainly terrorism.

Beside the Russian and American pathways, a number of visits have been made to other countries such as Italy, France, Japan, South Korea and Kazakhstan. These visits had a multi-objective context. They aimed to acquire an international legitimacy for the new rule in Egypt, tried to regain the lost international trust in Egypt, rally international support for Egypt fight against terrorism and finally establish economic partnership to assist Egypt to overcome its economic problems and challenges.

In addition to the visits made to the previously mentioned countries, Egypt took other steps to counter terrorism. An important milestone was the success of the Egyptian Diplomacy to promote the issue of combating terrorism to the top of the international community's list of priorities. Egypt called for the need to dry up sources of terrorists financing,

³³The Tahrir Institute for Middle East Policy, Egypt Rising Security Threat The Tahrir Institute For Middle East Policy.

³⁴ Sisi's visit to Russia is message to the West <http://www.al-monitor.com/pulse/politics/2014/08/russia-egypt-relations>.

increase borders' control and combat illegal immigration, border infiltration and illicit arms traffic. Another international step was Egypt's pursuance and election to a non-permanent seat in the UN with a wide support from the General Assembly. This membership reflects and demonstrates the international community's support for Egypt and trust in its ability to assume its responsibility to enhance and maintain international peace and security. Another related achievement was the selection of Egypt to preside three specialized committees in the UN Security Council, namely the Counter-Terrorism Committee and the UN Sanctions Committees Concerning the Democratic Republic of Congo and Iraq.³⁵ Moreover, Egypt was elected to the African Union's Peace and Security Council for a three-year term. This also reflected and demonstrated the African trust in Egypt as a strategic regional partner and its uncompensated role in enhancing African peace and security on the one hand and also to rally the African support to Egypt in its combat against terrorism. On the Arab level, Egypt joined what Saudi Arabia has formed as a coalition of 34 mainly Muslim countries, including powers such as Egypt and Turkey, to coordinate a fight against terrorist organizations. The alliance has stated that its primary objective is to protect the Muslim countries from all terrorist groups and terrorist organizations irrespective of their sect and name; it will fight terrorists in Iraq, Syria, Libya, Egypt and Afghanistan. The alliance has reaffirmed that it would operate in line with the United Nations and Organization of Islamic Conference(OIC) provisions on terrorism, and finally the new coalition is expected to deploy military forces into Syria to fight ISIL.(Islamic State in Iraq and Syria).

The Instable Regional Arab Environment and the New Scenario of Sykes-Picot

Regional instability has been reinforced by a variety of factors. These included turmoil in Egypt's direct geographical vicinity, such as in Libya, Gaza (particularly control of the border with Gaza and its impact on stability in the Sinai), the political crisis in South Sudan, the continued instability in the Horn of Africa and Somalia, the escalation of terrorism in Africa's Sahel region, and challenges to the security of the Red Sea. Besides, the security and existential challenges facing the Middle East, whether in Syria, Yemen or Iraq, make Egypt face immense challenges that it was able to confront. This motivated Egypt to maintain cohesion, steadfastness, and stability while continuing to effectively contribute to addressing these crises by taking practical and realistic steps. Pursuing a strategic vision towards Arab national security and how best to consolidate and safeguard it, Egypt addresses these challenges from a long-term and comprehensive perspective, and not from a narrow view that seeks to achieve parochial, short-term interests. Egypt's perspective is comprehensive and seeks to safeguard the security of the region, its stability and its ability to meet the aspirations of its people during the coming years. An important step in this context was the initiative proposed by president El-Sisi to establish a Joint Arab Force. This initiative was based on a collective framework as individual states will not be able to overcome challenges which include terrorism, state failure, armed conflicts, foreign interventions, designs and interests in the region, as well as humanitarian disasters including the refugee and IDP (Internally Displaced Persons) crisis. Such challenges cannot be confronted by any single state alone; however, all concerned states must work on coordinating their policies to benefit from each state's unique capabilities and comparative advantage. Moreover, in order to establish a nuclear-weapons-free Middle East and to preclude the falling of nuclear weapons and dangerous materials in the hands of the extremists groups in Libya and Syria, Egypt joined the World Nuclear Club.³⁶ Egypt exerted a lot of efforts to consolidate and establish a safe and secured Middle East. This policy was manifested in the Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), held in May 2015 where Egypt proposed

³⁵ Ibid.

³⁶ Foreign Minister Sameh Shoukry's interview

its vision as to how to implement the 1995 NPT Review Conference Middle East resolution [on establishing a weapons of mass destruction free-zone in the Middle East], so as to prevent the spread of WMD's in the region.³⁷

Concerning the situations in countries such as Libya, Syria and Iraq, Egypt has clear goals, namely the significance of putting an end to the continuous suffering of the peoples of these countries and restituting stability, security and peace. In the case of Libya, Egypt while being very cautious in its intervention, it supported the UN envoy and his role in hosting the dialogue between the conflicting Libyan parties. Besides, Egypt participated in all rounds of negotiations among these parties and sponsored a number of meetings between the various Libyan tribes. In the case of Syria, Egypt has supported UN envoy de Mistura and has hosted Syrian opposition conferences that ended with the issuing of a national charter and a road map to implement the Geneva Communiqué. Egypt has also taken part in the meetings in Vienna and New York and has supported all anti-terrorism efforts in Syria.

Under president El-Sisi rule, Egypt has taken some steps toward addressing these challenges, but these efforts remain incomplete. Given the massive challenges Egypt faces internally, it remains questionable how much Egypt can help in the fight against ISIL. But it is clear that Egypt needs to do more to secure its immediate periphery, which means a stronger effort toward enhancing its border controls.

Grand Ethiopian Renaissance Dam (GERD)

In its relations with the Nile Basin states, especially Ethiopia, Egypt has tried to produce a win-win situation, giving priority to confidence-building measures. Negotiations between Egypt, Ethiopia and Sudan began at the same time as the construction works, in the hope to reach an agreement regarding the crisis. In June 2012, and in view of the continued failure of negotiations, an international committee was formed, made up of four international experts in addition to two each from Egypt, Sudan and Ethiopia, to prepare an evaluation report of the construction process and identify possible harmful effects. In March 2015, president El-Sisi signed Khartoum Agreement; this agreement is the first legal instrument on cooperation to be concluded by all three states regarding the issue of the Nile waters.³⁸ Moreover, Egypt initiated a negotiating mechanism known as the Tripartite Committee, which aims to prepare the studies recommended by the International Panel of Experts, to assess the real effects of the dam on the two downstream States (Egypt and the Sudan). The steps taken by Al Sisi's administration in the problem of the GERD was a part of a new Egyptian orientation towards Africa which aims at engaging in steady political activity and taking steps to enhance communications with Africa in order to regain its pioneering role on the continent. Despite the fact that the Nile waters issue is of paramount importance, it will not be the only component of Egypt's foreign policy platform. The Nile should be a source of unity and not a division for the countries of the Nile Basin, said Nabil Fahmy former foreign minister.³⁹ No doubt that Africa enjoys a great scope of significance for Egypt as Africa represents a strategic, security depth of major importance especially now that Nile water factors in as an element of Egyptian national security. Moreover, the Israeli presence has been growing in the Horn of Africa in a way which puts Egypt's interests at stake. Africa also constitutes a major voting bloc in international forums. Last and not least, Africa is rich in natural resources; it holds 12% of the world's oil reserves, 40% of its gold reserves; and 52% of its cultivable land. In addition, it possesses great quantities of wood and an untapped

³⁷ Ibid.

³⁸ Agreement on Declaration of Principles between The Arab Republic of Egypt, The Federal Democratic Republic of Ethiopia And The Republic of the Sudan On The Grand Ethiopian Renaissance Dam Project (GERDP), 23rd March 2015.

³⁹ <http://english.aawsat.com/2013/10/article55320981/egyptian-foreign-minister-nabil-fahmi-on-african-relations>

consumer market, the value of which is estimated at \$1.4 trillion by 2020, according to the Mackenzie Financial Corporation figures.⁴⁰ That's why president El-Sisi started a new strategy towards Africa; this strategy begins with reformulating the strategic objectives of Egypt interests in Africa and developing a mechanism to achieve them, developing a new approach to Nile water issues based on the concept of compromise and adopting a trade and investment policies that conceive opportunities and potentials on both sides, and aims at eradicating obstacles.⁴¹

Economy Related Actions

The economic moves of President Abdel Fattah el-Sisi since his election indicate his determination to search for a new road to overcome the fundamental challenges of Egypt's economy. The country's economy is in ruins and living conditions have tumbled over the past three and a half years. The economy is the area in which president El-Sisi has taken his most far-reaching steps. These steps were based on a development vision which rests on establishing international economic partnerships and regaining and strengthening confidence of the international economic institutions, mainly the IMF, to assist the Egyptian government to recover budget deficit and push the economy forward.

Establishing International Economic Partnerships

Given the depth and magnitude of Egypt's demographic, economic, and social challenges, rebalancing the Egyptian economy is quite a formidable task. President Al- Sisi began to repair foreign relations and restore momentum with international partners on several axes through orienting the diplomatic institution to start intensive contacts to maintain the traditional partnerships with the major powers led by the United States and Europe to face economic challenges. A major step in this process was Egypt Economic Development Conference (EEDC) in Sharm El-Sheikh on the 13-15th March 2015. The conference is a key milestone of the government's medium term economic development plan, which is designed to bring prosperity and improved social services to the people of Egypt. Attracting leading global figures from business and politics, the EEDC would highlight the extensive reforms the government has already implemented and showcase future reforms designed to restore fiscal stability, drive growth and attract investment with the overarching aim of improving the welfare of the Egyptian people. The conference presented investment opportunities to domestic and international investors across key sectors. Specifically, the conference was a success in terms of attendance and importance, broad political support for Egypt from countries and international financial institutions which had refused until recently to recognize the new regime and multinational corporations looking for promising investment opportunities.

In addition, President El-Sisi made a clear priority for the building of a new relationship with Russia in the framework of positive and effective participation. Together, Egypt and Russia can build a consistent international alliance that is more able to contain and combat terrorism sponsored by states or ideologically or religiously radical terrorist groups. Moreover, the focus will be on existing and potential economic relations as a key mechanism to generate mutual interests and benefits for the peoples of Egypt and Russia. Bilateral trade relations have grown considerably in recent years, but they remain well below their potential. Official figures show that Egyptian exports to Russia amount to \$340 million while imports are \$3.21 billion, which shows a serious trade deficit of \$2.87 billion in favor of Russia. While Egypt needs to increase exports to Russia to address this deficit, it also needs new domestic or Russian investment in the production of agricultural and manufacturing goods targeting the needs of the Russian market, especially in the wake of Western

⁴⁰ Noffel, Tewfik, (2013), Challenges Facing Egypt's Foreign Policy in Africa, African Perspective, Vol.2, Issue 37, p 16.

⁴¹ Ibid, pp. 17-18.

economic sanctions against Russia.⁴² Another important example of Egyptian-Russian cooperation was signing of the first Egyptian nuclear plant deal between Egypt and Russia. The plant will make Egypt the regional leader in the field of nuclear technologies and the only country in the region that will have a generation 3+ plant. The plant, expected to be constructed within 12 years, will consist of four nuclear power units, 1,200 megawatt (MW) each.⁴³

In addition to the strategic relationship with Russia, President Al- Sisi started to open up new partnerships with many countries to flow more investment into the arteries of the Egyptian economy towards a comprehensive reform and sustainable development. Some prominent examples for this orientation are the visits made by El-Sisi to a number of Asian countries such as China, Kazakhstan, Japan, South Korea and India.

The visit by the Chinese President Xi Jinping to Egypt on January 20-22, 2016, declared a five-year, multi-sector cooperation agreement. This cooperation agreement injected substance into the “comprehensive strategic partnership” formed during President Abdel Fattah el-Sisi’s trips to China in 2014 and 2015. For Egypt, China represents an optimal strategic partner, as deeper ties serve its economic-security agenda. The synergy with China goes along with Egypt’s aspirations to establish an independent foreign policy that proceeds on the basis of purely Egyptian interests and is not bound to international and regional axes. Indeed, economic challenges are the primary considerations in the burgeoning relations between Egypt and China. For China, Egypt is a big potential market of about 95 million which would enable Chinese corporations to avoid domestic market saturation. Moreover, the Suez Canal is an important trade channel for China to the Middle East and other countries. On the other hand, Egypt is striving to attract Chinese investments in industrial sectors, minerals, agriculture, tourism and shipbuilding industries. Besides, Chinese capital is crucial for Egypt’s economic growth and for creating jobs for the millions of unemployed, who are a threat to the regime’s stability. Among the declared achievements of Xi’s visit are the launch of 15 projects involving 100 Chinese companies, Chinese investments of \$15 billion, and 21 signed memoranda of understandings for cooperative ventures in the fields of electricity, trade, civil aviation, science and technology, communications, and aerospace. China also undertook to provide \$180 million in assistance to Egypt, which is suffering from a severe shortage of foreign currency reserves, as well as two loans totaling \$1.7 billion, to strengthen small and medium-sized industries. Moreover, an important indicator of Egypt’s as a strategic partner for China and as a major actor in the Middle East region and which is considered a great achievement of the Egyptian diplomacy is the invitation made by the Chinese president to the Egyptian president to attend the 11th summit of the G20 which will be held Hangzhou, Zhejiang on the 4th and 5th of September 2016. It is considered an achievement as it is the first time for Egypt to attend any of the G20 summits.

Kazakhstan, a country from middle Asia, is a country with which Egypt wants to activate a sort of economic partnership. The Astana new administrative capital in Kazakhstan represented a good model to establish the new administrative capital in new Cairo in Egypt. Moreover, Egypt is going to participate in EXPO 2017, the framework of international cooperation which holds events in education and innovation fields and conducts meetings to exchange viewpoints and develop a global dialogue on mankind problems, in Astana, Kazakhstan.

Another important visit was made to Japan. President El-Sisi, held meetings with a big number of the largest Japanese transnational corporations, for example Toyota and Mitsubishi to increase their investments in Egypt and

⁴² Al –Naggar, Ahmed Al-sayed, 2015, Egyptian-Russian economic relations: Reality and potential, Ahram online, <http://english.ahram.org.eg>.

⁴³ Egypt, Russia sign Dabaa nuclear plant deal, (Thursday 19 Nov 2015), Ahram online, <http://english.ahram.org.eg>.

motivate other Japanese corporations to invest in Egypt. Moreover, he invited these corporations to participate in the construction of the Suez Canal Axis and to facilitate the entry of the Egyptian exports to the Japanese markets, as international trade between Egypt and Japan is about 1.4 billion \$ of which 20% are Egyptian exports to Japan while 80% are Japanese exports to Egypt. During this visit the Egyptian president and the Japanese prime minister launched what might be called as a strategic developmental relationship to support Egypt to start and develop its national projects. To participate in these projects, Japan gave Egypt a loan, 500 million \$, to finance three projects in air transport and solar energy.

Another example of the fruitful visits was the visit to South Korea. South Korea represented a good development model for Egypt. Moreover, South Korea is a large economic partner to Egypt as there are about 125 South Korean projects with about 9 billion \$. Moreover, the scope of bilateral trade between Egypt and South Korea increased in 2015 and reached 2.5 billion \$, the Egyptian exports to South Korea 1 billion \$ and 1.5 South Korean exports to Egypt.

Least and not last is the visit of the Egyptian president to India. This visit aimed at economic and political objectives. Economically, Egypt wanted to maximize its benefits from a booming developing economy, benefit from the Indian experience with regard to small and medium enterprises (SMEs), widen the scope of bilateral trade and attract Indian investments to Egypt. Politically, Egypt has a long history based relationship with India starting from the co-membership in the Non-Aligned Movement (1961); therefore, this visit was made to strengthen the relationship between the old partners. In addition, as an active member in the different international organizations, India would give a great deal of support to Egypt in its fight against terrorism and support Egypt's initiatives in the International community. Besides, India can play a major role in the settlement of the Palestinian- Israeli conflict due to the strong relationship between India and Israel.

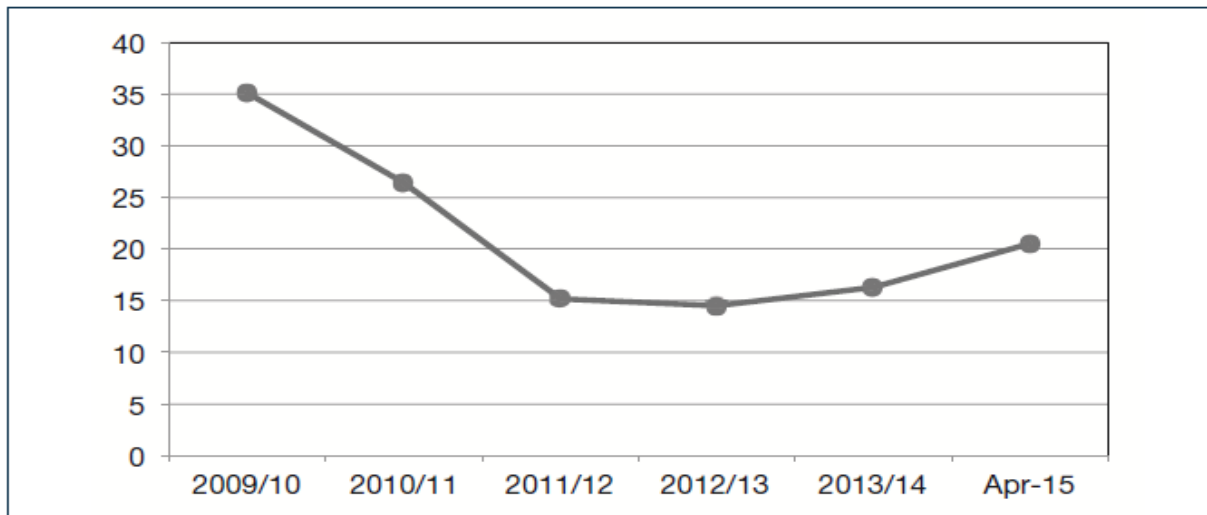
On the regional level, Egypt's foreign policy started to reconsolidate its ties with regional Arab neighbors, mainly Saudi Arabia, United Arab Emirates, Bahrain and Kuwait. This movement has very positive economic impacts as an unprecedentedly large sum of economic aids flew to Egypt. Gulf aid jumped as high as \$19 billion in the 2013/14 financial year. Key donors were Saudi Arabia and the United Arab Emirates, which contributed close to \$8 billion each, and Kuwait (close to \$3 billion). A large part of this aid was in the form of oil products, more than 40 percent of total Gulf aid in 2013/14.⁴⁴ In 2014/15, the Gulf States pledged more than \$12 billion in financial aid, and a substantial part was already transferred.⁴⁵ The huge inflow of aid from the Gulf states has enabled El-Sisi to finance the gap in the balance of payment and streamline payment of debt and arrears, while keeping Egypt's foreign exchange reserves at between \$15-20 billion.⁴⁶ In April 2015, for the first time since the end of 2011, foreign exchange reserves rose to above \$20 billion.⁴⁷

⁴⁴ Country Report No. 15/33; Central Bank of Egypt, "Monthly Statistical Bulletin" (April 2015), p. 51.

⁴⁵ Focus Economics, (April 14, 2015) "Egypt Economic Outlook," <http://www.FocusEconomics.com/countries/egypt>.

⁴⁶ Gal, Yitzhak, (2015), El-Sisi and Egypt's Economic Future: Fundamental Challenges, Bold Moves, and High Risks, Strategic Assessment, Volume 18, No.2, pp. 25-6.

⁴⁷ Samir, (April 2015), Daily News Egypt; Central Bank of Egypt, "Monthly Statistical Bulletin".



Source: IMF, Daily News Egypt¹⁸

Figure 4: Egypt: Gross International Reserves 2009/10-April 2015 (\$ billions, end of Period)

Despite all of these actions, the Egyptian economy hasn't yet overcome the challenges. The current leadership inherited a lot of sins from previous regimes; however, it is exerting every effort to reform and transform the Egyptian economy from deterioration to development. It could be said that the Egyptian economy is still in an early stage of recovery as it is vulnerable to a variety of security and social risks as well as endogenous and exogenous economic shocks.

CONCLUSIONS

In the current decade, Egypt passed through two revolutions which aimed at a real political transformation. No doubt that this critical situation and its internal and external consequences put the Egypt's foreign policy at a crossroad. Egypt's security and economy are at stake and rational decisions are badly required to enable Egypt to overcome security and economy related challenges. Egypt security was threatened by different risks, terrorism, instable region and a serious type of risks coming from the African South by establishing the Grand Ethiopian Renaissance Dam (GERD). Moreover, Egypt is suffering severe and chronic economic problems such as decreasing economic growth, budget deficit, inflation, unemployment, energy insufficiency, increasing population and mismanagement of resources. This serious situation necessitated a sort of rationality in the decision making process specifically in foreign policy affairs. Foreign policy is no longer concerned with exchanging diplomatic corps and correspondences only; however, it becomes a weapon by which countries can protect and preserve their national interest. In this context, Egypt under El-Sisi's presidency depended to a large extent on its foreign policy to remove, as much as possible, all security and economy's related risks. Various measures and policies were adopted in an effort to secure Egypt against these types of risks and to regain the international confidence. Concerning security measures, Egyptian participated in international cooperation conferences to confront terrorism, proposed various initiatives to reconstitute regional stability and tried to open a new page in the Egyptian African relations. In regards to the economic challenges, the Egypt's foreign policy made very promising steps towards regaining international confidence through pop visits to different countries which would assist in the economic development process, holding international conferences to attract foreign direct investments to assist in establishing and completion of the massive national projects and communicating with international economic organizations to help in overcoming budget deficit and supporting the massive national projects. A recent and prominent example which clearly shows the how Egypt regained the confidence of the international economic organization is the approval of the IMF to give Egypt \$12 billion as

a loan to face its budget deficit. Although, Egypt's foreign policy played an important role in restituting security, regaining international confidence and improving the economy, other steps and measures are still required to enable Egyptians to feel that political and economic transformation is accessible.

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