



# Egypt: Background and U.S. Relations

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## Summary

This report provides a brief overview of the key issues for Congress related to Egypt and information on U.S. foreign aid to Egypt. The United States has provided significant military and economic assistance to Egypt since the late 1970s. U.S. policy makers have routinely justified aid to Egypt as an investment in regional stability, built primarily on long-running military cooperation and on sustaining the March 1979 Egyptian-Israeli peace treaty. Successive U.S. Administrations have publicly characterized Egypt's government as generally influencing developments in the Middle East in line with U.S. interests. U.S. policy makers are now grappling with complex questions about the future of U.S.-Egypt relations, and these debates and events in Egypt are shaping consideration of appropriations and authorization legislation in the 113<sup>th</sup> Congress.

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# July 3, 2013: The Military Ousts Morsi

On July 3, 2013, following several days of mass demonstrations against the one-year rule of President Mohamed Morsi, the Egyptian military unilaterally dissolved Morsi’s government, suspended the constitution, and installed the Chief Justice of the Supreme Constitutional Court, Judge Adli Mansour, as interim president pending a new election. Given Egypt’s regional political importance and its long history of close consultation and collaboration with the United States, its domestic political situation has significant implications for U.S. interests. As discussed below, Congress and the Obama Administration face a public debate regarding the extent to which U.S. aid to Egypt—which generally totals around \$1.55 billion annually—should continue and/or be subject to various conditions and/or existing legal restrictions.

Figure I. Map of Egypt



Source: Map Resources, adapted by CRS.

The military claims that its intervention was necessary in order to avoid bloodshed in the streets. In the days preceding the July 3 takeover, hundreds of thousands of Egyptians had flooded the streets of Cairo and elsewhere demanding Morsi's resignation, and periodic clashes between the president's supporters and opponents had turned deadly. Dozens of Egyptians were killed between June 26 and July 3 and, according to Reuters, as of July 15, at least 92 people had been killed since Morsi's ouster.<sup>1</sup>

The military claims that it had repeatedly encouraged President Morsi to reconcile with his opponents to no avail. According to Defense Minister Abdul Fatah al Sisi, who announced the military's action on television two days after giving President Morsi a 48-hour deadline for reaching a compromise agreement with non-Muslim Brotherhood political parties:

Hope was pinned on national reconciliation to lay down a roadmap for the future and provide motives of trust, reassurance and stability for the people, in a way that fulfills their ambitions and aspirations. However, the speech of the President last night, before the end of the 48-hour grace period, neither met nor conformed to the demands of the masses. Such a matter necessitated that the military, out of its national and historical responsibility, hold consultation with national and political powers and youths, none alienated. The participants have agreed on a future roadmap with initial steps to bring about a strong and cohesive Egyptian society that excludes none of its members and trends and terminates the state of conflict and division.<sup>2</sup>

In order to demonstrate consensus, General Sisi's carefully choreographed speech was made in the presence of Muslim and Coptic Christian religious leaders, liberal politicians, and other key military figures. In Morsi's final days in office, the main ultra-conservative Salafist political party (the Nour Party) had turned against the Muslim Brotherhood (its sometime-partner, sometime-rival), and demanded Morsi's resignation. Sisi reiterated that the military does not seek to rule the country directly and has empowered interim President and Chief Justice Mansour to issue constitutional declarations, establish a government of "technocrats," and form a commission to propose amendments to the constitution. The military have said that they will amend Egypt's now-suspended constitution rather than rewrite it entirely; this may be aimed at ensuring the support of Salafists like the Nour party, which played a role in drafting the document.

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<sup>1</sup> "U.S. Envoy Spurned by Both Sides on Egypt Visit," *Reuters*, July 15, 2013.

<sup>2</sup> Statement of the General Command of the Armed Forces, July 3, 2013, available online at <https://www.facebook.com/Egy.Army.Spox/posts/335803989883923>. In the days leading up to the protests, the Egyptian military had signaled that it would not stand idly by should violence ensue. In late June, Defense Minister Abdel Fatah al Sisi stated that the military's "patriotic and moral responsibility toward its people compels it to intervene to keep Egypt from sliding into a dark tunnel of conflict, internal fighting, criminality, accusations of treason, sectarian discord and the collapse of state institutions." On July 1, the military issued a 48-hour ultimatum to all political forces to reconcile. See, [<http://www.madamasr.com/content/armed-forces-warns-intervention-48-hours>]

### **Egyptian Politics: The Rules of the Game**

In Egypt, which has a population of 83 million people, politics are not monolithic, but for decades there have been two forces that have been dominant - the armed forces and the Muslim Brotherhood. Egypt's military has produced three presidents (Gamal Abdel Nasser, Anwar Sadat, and Hosni Mubarak) and is so thoroughly ingrained within various segments of society that it is widely considered a state within a state. It employs hundreds of thousands of young men; maintains businesses which afford the armed forces financial self-sufficiency; and commands the loyalties of millions of private citizens from the business community, from the Muslim and Christian religious establishments of Al Azhar and the Coptic Church, and from other Egyptians who consider it a source of national pride.

At the other end of the political spectrum has been the Muslim Brotherhood, an organization that most embodies the pursuit of political Islam. For most of its 85-year history, the Brotherhood (an illegal organization from 1954 to 2011) has opposed (violently at first, then, beginning in the 1970s, non-violently) single party rule backed by the military and advocated for a state governed by a vaguely articulated combination of civil and Shariah (Islamic) law. It derives legitimacy from millions of lower and middle class Egyptians in urban and rural areas alike. From its disciplined internal workings to its external charitable activities, the Brotherhood has been able to maintain party cohesion and effectively mobilize outside supporters when necessary.

When popular demonstrations sparked by the so-called Arab Spring compelled the military to force the resignation of former President Hosni Mubarak in February 2011, a third force arrived on the Egyptian political scene – the power of youth-driven street protests. However, youth revolutionaries, despite their ability to corral support in Tahrir Square and elsewhere, were either unable or unwilling to translate their revolutionary success into post-revolutionary electoral politics. Long-established secular opponents of the Mubarak regime and the Muslim Brotherhood similarly failed to effectively organize themselves and compete politically. Thus, when Mubarak's regime dissipated (embodied by the disbandment of the ruling National Democratic Party, the dissolution of the police forces, and arrests of corrupt oligarchs), the military and the Muslim Brotherhood filled the political vacuum.

From February 2011 to June 2013, the post-Mubarak period was characterized by the sometimes cooperative, sometimes contentious relationship between the military and Muslim Brotherhood. In this drama, the military acquiesced to Islamist success at the ballot box, and the Brotherhood accepted the military's autonomy. This arrangement was tactical and, notably, not based on any shared consensus regarding the rule of law. When legal disputes arose over defining executive power or the substance of electoral laws and the constitution, the military, former President Morsi (who came from the Muslim Brotherhood), and Mubarak-era judges all had on occasion unilaterally declared their decisions to be the final word.

In the spring of 2013, the revolutionary youth returned to the political scene, and through a new movement called Tamarod (rebellion), these activists reignited street protests demanding then-President Morsi's resignation. The military, claiming to act at the behest of the protestors, arrested Morsi, suspended the constitution, and appointed a new government. To date, Tamarod has accepted this maneuver, as have non-Brotherhood Islamists such as the Salafist Nour Party, who stand to benefit from the Brotherhood's forced exit.

Nevertheless, the key players in Egyptian politics are still playing a game in which the overriding principle is that whoever claims a preponderance of popular legitimacy makes the rules. Moreover, Egyptians see the current impasse through very different lenses, and many fundamentally reject the views and perspectives of their political opponents.

Tamarod and the Salafists may now be the military's new civilian partners, but with the Brotherhood protesting Morsi's ouster, Egypt still lacks a basic national consensus over the rule of law, national identity, and the role of religion in public life. Without such consensus, many experts doubt that there can be social stability, economic growth, and open political competition.

## Another Political Transition

When former President Mohamed Morsi took office on June 30, 2012, after winning Egypt's first truly competitive presidential election, his ascension to the presidency was supposed to mark the end of a rocky 16-month transition period in which proposed timelines for elections, the constitutional drafting process, and the military's relinquishing of power to a civilian government were constantly changed, contested, and sometimes even overruled by the courts.

**Figure 2. Profile of Interim President Adli Mansour**



**Source:** Open Source Center, Document ID# IML2013070372164682, Caversham BBC Monitoring in English

**Notes:** Judge Adli Mansour (age 67) had only been appointed Chief Justice of the Supreme Constitutional Court (SCC) in May 2013 and had taken up his post just days before being named interim president. Since 1992, Mansour served as deputy president of the SCC. Mansour was born in Cairo in 1945 and joined the judiciary in 1970. According to one account, on June 30 a group calling itself "Al-Sha'ab Yureed" (The People Demand) distributed a petition calling for the formation of a presidential council to run the country, listing Mansour's name as one of the possible council members.

On July 8, interim President Adli Mansour issued a new constitutional declaration outlining the latest Egyptian transitional process. This declaration will serve as the country's legal framework until a more permanent constitution emerges. According to Mansour's declaration, Egypt's currently suspended constitution will be amended and then submitted to a public referendum for approval.<sup>3</sup> It seems that President Mansour's authority to issue such a declaration rests entirely on his backing by the military. According to the 33-article document:<sup>4</sup>

- **Legislative Power:** Until a lower house of parliament is elected, the president will possess legislative power and his cabinet has been given a "mandatory consultative role."

<sup>3</sup> The suspended constitution was approved by referendum in 2012 after a drafting process dominated by the Muslim Brotherhood and the Salafist Nour Party.

<sup>4</sup> See, "Egypt's Constitutional Declaration Issued, defines Transitional Period," *Al Ahram Online*, July 8, 2013.

- **Constitutional Amendment Process:** A committee of presidential appointees, judges, and professors will have 30 days to amend the 2012 constitution. Draft amendments will then be forwarded to a second, larger committee which will have 60 days to finalize a draft. The final draft will then be submitted to the president, who must put the amended version of the constitution to a national referendum within 30 days of receiving it.
- **Parliamentary and Presidential Elections:** Once a constitution is approved by the public, the president must call for parliamentary elections within 15 days. At that point, actual parliamentary elections must occur within two months (possibly in November 2013). Within one week of the start of the first session of the new parliament, preparations for holding a presidential election are to begin (with an election perhaps occurring in the winter of 2014).
- **Islam and the Law:** The declaration combines language from Articles 1, 2, and 219 of the 2012 constitution.<sup>5</sup> The inclusion of the latter is critical for ensuring the support of Salafist groups which have sought to incorporate a more concrete definition of Islamic law in the constitution. The new text reads, “The Arab Republic of Egypt is a democratic system based on citizenship, Islam is the religion of the state, Arabic is its official language and the principles of Sharia law derived from established Sunni canons is its main source of legislation.”
- **Military Legal Autonomy:** The declaration further states that “The military's judiciary is independent and is the only body that can rule in cases related to the armed forces and its personnel, and the law dictates its other authorities. The National Defence Council is headed by the president and is responsible for security, discussing the budget of the armed forces and any laws related to the armed forces.”

In the days following Interim President Mansour’s declaration, various political groups, including Tamarod leaders, Salafists, and liberal parties negotiated with the military over the formation of an interim government and cabinet. A liberal economist and former finance minister named Hazem El Beblawi was named prime minister and 2005 Nobel Peace Prize winner Mohamed ElBaradei, the former director general of the International Atomic Energy Agency, was named vice president. On July 16, a 34-member cabinet was sworn in. It included no members of the Muslim Brotherhood which refused to participate and claimed that it was not invited. The Salafist Nour Party also was not represented in the new cabinet and said that its partisan makeup was a “repetition of the same mistake they blamed the former government for.”

## **The Muslim Brotherhood and the Salafists**

The Muslim Brotherhood and its supporters claim that the military has carried out a coup against a democratically elected president, and they decry the suspension of a constitution that was approved by popular referendum just seven months ago. President Morsi, who has been detained by the military, insists he is still Egypt’s lawful president and refuses to recognize the military’s moves. While the new Egyptian government seeks the Brotherhood’s acceptance of the military’s moves, and some may even seek to co-opt the Brotherhood by including its officials in the new cabinet, the organization continues to deem Egypt’s new leaders as illegitimate. According to one senior

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<sup>5</sup> A translation of the 2012 constitution is available at: [<http://niviensaleh.info/constitution-egypt-2012-translation/>]



Brotherhood leader, “Beblawi [the prime minister], or anyone from the government of the coup, did not offer us any position in the government, and if they do, we will refuse.”<sup>6</sup>

The military has shut down media sympathetic to the Muslim Brotherhood and virtually all of the Muslim Brotherhood’s top leaders have been arrested. Some have had their assets frozen. Recent reports indicate that the new government is investigating former President Morsi for treason, questioning him over allegations that he collaborated with militants in a 2011 prison escape at the height of the uprising against former President Hosni Mubarak. Morsi’s supporters have vowed to carry on their own street protests and civil disobedience campaign.

On July 8, 53 people were killed in clashes between the Brotherhood and the military. The violence occurred outside the Republican Guard headquarters in Cairo, which was believed to be the detention site of former President Morsi. The Muslim Brotherhood claims that Army snipers opened fire on the crowd without provocation, while the military asserts that armed elements within the crowd attempted to forcibly enter the military facility.

Since the military’s July 3 ouster of former President Morsi, many observers have been warning that Egypt was headed toward heightened civil conflict. After the bloody July 8 incident, the subsequent week witnessed far fewer casualties. However, on July 15, police and army soldiers attempted to disperse Brotherhood protestors who had erected road blocks in several cities, and these clashes led to the deaths of seven more Egyptians. Thousands of Brotherhood supporters continue to hold a sit-in at the Rabaa Adawiya mosque in northeastern Cairo and have vowed to stay there until former President Morsi is reinstated.

With the Brotherhood seemingly out of the political leadership picture for the time being, Interim President Mansour and the military may be seeking to weaken Islamist cohesion by courting Salafist groups, such as the Nour Party. The military most likely seeks to mitigate feelings of alienation among Islamists and their supporters, and therefore needs Salafists to have a seat at the table should the Brotherhood either abstain from participating or be legally prohibited from doing so. To date, Salafists are not represented in the new cabinet, though their prospects for electoral success in parliamentary elections may be better if the Brotherhood is sidelined. Still, some Salafists may feel that their previous association with the Morsi government will cause them lasting political damage. According to one Salafist politician, “There is no doubt that the Islamist current in general has lost a lot because of the Brotherhood’s failure in managing the past period....I do not think the Islamist movement will achieve what it achieved before because of these erroneous practices.”<sup>7</sup>

## **International Reaction**

Global reaction to events in Egypt since July 3 has varied. Some countries have expressed sympathy for the Muslim Brotherhood and former President Morsi, while others have quietly supported the military’s actions. Other countries have sought to emphasize respect for principles such as the rule of law, non-violence, and political inclusion, without taking sides. The following is a brief summary of various responses:

- **Israel:** In the days since July 3, various Israel media reports have emphasized that close Israeli-Egyptian military cooperation has continued in the post-Morsi period.

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<sup>6</sup> “Egypt’s Muslim Brotherhood says would Reject Cabinet Posts,” *Reuters*, July 16, 2013.

<sup>7</sup> Egypt’s Brotherhood looks back, Islamist Rivals look Ahead,” *Reuters*, July 10, 2013.

In addition, other reports suggest that Israel has been advocating for the United States to continue providing military aid to Egypt despite legal provisions in appropriations law that might require a suspension (see below). According to an unnamed senior U.S. official, “The Israelis warned that cutting military aid to Egypt would likely impact negatively on Israel's security, especially given the possibility of further security deterioration in Sinai. They also warned that halting the aid could undermine Israel's peace treaty with Egypt.”<sup>8</sup> When asked in an appearance on *Face the Nation* whether the United States should continue to provide aid to Egypt, Prime Minister Benjamin Netanyahu remarked, “Look, that’s an internal American decision.... Our concern is the peace treaty with Egypt. One of the foundations of that peace treaty was the US aid given to Egypt.”<sup>9</sup> Israel has recently approved of Egypt’s deployment of two additional infantry battalions into the Sinai to deal with increased militancy there since the ouster of former President Morsi. The militancy reportedly involves Islamist fighters with ties to the Gaza Strip, which may have accounted for a general closing of the Gaza-Egypt border in the days following Morsi’s ouster and possible Egyptian military surveillance operations over Gaza.

- **Saudi Arabia, the United Arab Emirates, and Kuwait:** Within a week of July 3, the three Gulf kingdoms that had been most at odds with the Muslim Brotherhood government in Egypt pledged a combined \$12 billion in aid to the new cash-starved government. The assistance reportedly includes cash grants, petroleum products, interest-free loans, and deposits in the Central Bank of Egypt. According to one expert, “The Brotherhood is anathema to most of the hydrocarbon-rich Gulf states because it threatens their hereditary, feudal styles of government.”<sup>10</sup>
- **Turkey:** Turkish Prime Minister Recep Tayyip Erdogan has condemned the military’s actions, arguing that former President Morsi was democratically elected, was ousted in a military coup, and remains Egypt's only legitimate president.
- **European Union:** On July 14, High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission Catherine Ashton said that the “EU is following the recent developments in Egypt with deep concern.... The military must accept and respect the constitutional authority of the civilian power.... The EU urges the interim authorities to make every effort so that politically motivated arrests and other forms of harassments do not take place.”<sup>11</sup> In addition, the German Foreign Ministry called for “an end to the restrictions on Mr. Morsi's whereabouts.... We and our partners are of the opinion that any appearance of selective justice in Egypt must be avoided and there must be no political persecution.”

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<sup>8</sup> “Israel urges US not to Freeze Egypt Aid: Report,” *Agence France Presse*, July 9, 2013.

<sup>9</sup> July 14 episode available online at: [<http://www.cbsnews.com/video/watch/?id=50150880n>]

<sup>10</sup> Simon Henderson, “Gulf Aid to Egypt and US Policy,” Washington Institute for Near East Policy, July 10, 2013.

<sup>11</sup> “EU's Ashton 'Deeply Concerned' about Egypt Unrest,” *Agence France Presse*, July 14, 2013.

### The Fiscal Deficit and Arab Aid

To date, the Egyptian government has been unable to self-finance its massive annual fiscal deficit, estimated somewhere between 11% to 13% of GDP, which is nearly double what it was five years ago and the highest since 2002. Expenditures support inefficient but popular subsidies on energy and food and a massive state bureaucracy. In 2012, the state collected \$19.7 billion in revenues but spent \$30.5 billion. In 2013, the deficit has reached nearly \$3.2 billion per month. The government had borrowed from domestic banks and drawn down foreign currency reserves to finance the deficit, but has now had to turn to foreign creditors for more funds. During former President Morsi's tenure, Egypt received \$13 billion in loans and grants from Islamist-friendly governments in Qatar, Libya, and Turkey.

The recent infusion of an additional \$12 billion in aid from Saudi Arabia, the United Arab Emirates, and Kuwait is expected to provide Egypt with six to twelve months of breathing space.<sup>12</sup> However, the real challenge for the new government will be to finalize and implement an economic reform plan that reduces the deficit while also stimulating growth. However, many analysts believe that instead, Egypt's interim government will simply continue to spend heavily on subsidies and salaries while seeking additional foreign financing to sustain the budget. According to Farouk Soussa, chief Middle East economist for Citigroup, "The task of the interim government is not to make difficult reforms. It is to manage the crisis and to restore Egypt's relations with the international community."<sup>13</sup>

Egyptian authorities and the International Monetary Fund (IMF) have been in negotiations for more than two years over an IMF loan to Egypt in exchange for policy reforms to no avail. For additional background on the Egyptian economy and the IMF, please see CRS Report R43053, *Egypt and the IMF: Overview and Issues for Congress*, by Rebecca M. Nelson and Jeremy M. Sharp.

### The Obama Administration's Response

Egyptian political discourse has always had strong nationalist and anti-colonialist elements to it, and condemning alleged "American interference in Egyptian affairs" is a common refrain expressed by various actors. In the past two and half years especially, Egyptian political competitors have accused one another of close ties to the United States government, a charge leveled in order to discredit one's opponent. For decades, the United States was accused of suppressing the forces of political Islam by supporting regional dictators like former President Mubarak. Now, non-Islamists accuse the United States of favoring the Muslim Brotherhood. In this environment, President Obama has repeatedly insisted that the United States stands for democratic principles only and does not take sides in Egyptian political disputes. On July 6, the White House issued a statement saying that President Obama has "condemned the ongoing violence across Egypt and expressed concern over the continued political polarization. He reiterated that the United States is not aligned with, and does not support, any particular Egyptian political party or group." Public opinion polling suggests that many Americans are wary of the possibility of increased U.S. engagement in Egypt. According to one poll, "Only 16 percent of both Republicans and Democrats think America should ramp up its involvement in Egypt."<sup>14</sup>

Despite its proclaimed neutrality, the Obama Administration has engaged the new Egyptian government in hopes of helping stabilize the political situation and thereby secure broader U.S. interests, such as regional peace and continued U.S.-Egyptian military cooperation. If there has been one constant in U.S.-Egyptian relations since the resignation of former President Hosni Mubarak in 2011, it is that the United States government, in order to advance U.S. regional security goals, needs

<sup>12</sup> "Egypt Faces Moment of Reckoning on its Economy as Protests Wane," *FinancialTimes.com*, July 11, 2013.

<sup>13</sup> "New Egypt Government may promote Welfare, not Economic Reform," *Reuters*, July 17, 2013.

<sup>14</sup> "Americans Want Nothing to Do with Egypt," United Technologies/National Journal Congressional Connection Poll, conducted July 11-14, 2013. Available online at: [<http://cdn-media.nationaljournal.com/?controllerName=image&action=get&id=29773&width=628>]

an Egyptian government counterpart—whether it is military-ruled, Islamist-dominated, or something else entirely.

In the current situation, the Administration is trying to walk a fine line, keeping lines of communication open with the military while also pushing security officials not to risk greater violence by excluding the Muslim Brotherhood from political life. According to Deputy Secretary of State William J. Burns, who was the first high level U.S. official to meet with the new Egyptian government:

If representatives of some of the largest parties in Egypt are detained or excluded, how are dialogue and participation possible? The government itself has said it wants inclusion of all political streams. We've called on the military to avoid any politically motivated arrests and we have also called upon those who differ with the government to adhere to their absolute obligation to participate peacefully. It is hard to picture how Egypt will be able to emerge from this crisis unless its people come together to find a nonviolent and inclusive path forward.<sup>15</sup>

### **U.S. Prohibitions on Assistance to a Country Whose Elected Head of Government is Deposed by Decree or Military Coup**

For years, policymakers and analysts have debated the merits of providing \$1.55 billion annually in U.S. aid to Egypt. Given the military's July 3 suspension of the constitution and appointment of an interim president, some lawmakers have focused on a provision of U.S. law (P.L. 112-74, division I [at 125 Stat. 1195])<sup>16</sup> that prohibits foreign assistance to a country whose elected head of government is deposed by military coup d'etat or decree. The precise wording is found in Section 7008 of P.L. 112-74, the Consolidated Appropriations Act, 2012,<sup>17</sup> which states:

None of the funds appropriated or otherwise made available pursuant to titles III through VI of this Act shall be obligated or expended to finance directly any assistance to the government of any country whose duly elected head of government is deposed by military coup d'etat or decree or, after the date of enactment of this Act, a coup d'etat or decree in which the military plays a decisive role: *Provided*, That assistance may be resumed to such government if the President determines and certifies to the Committees on Appropriations that subsequent to the termination of assistance a democratically elected government has taken office: *Provided further*, That the provisions of this section shall not apply to assistance to promote democratic elections or public participation in democratic processes: *Provided further*, That funds made available pursuant to the previous provisos shall be subject to the regular notification procedures of the Committees on Appropriations.

Neither this nor any other provision of U.S. law further defines the phrase “coup d'etat or decree in which the military plays a decisive role.” Thus, how and in what manner the executive branch might

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<sup>15</sup> Press Availability in Cairo, Egypt, William J. Burns, Deputy Secretary of State, July 15, 2013.

<sup>16</sup> This provision in the FY2012 Consolidated Appropriations Act applies to FY2013 funds because Section 1105 of P.L. 113-6, the Continuing Appropriations Resolution, FY2013 states that “Except as otherwise expressly provided in this division, the requirements, authorities, conditions, limitations, and other provisions of the appropriations Acts referred to in section 1101 [The Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012 (division I of P.L. 112-74)] shall continue in effect through the date specified in section 1106 [Sec. 1106. Unless otherwise provided for in this division or in the applicable appropriations Act, appropriations and funds made available and authority granted pursuant to this division shall be available through September 30, 2013.]”

<sup>17</sup> Some media sources have erroneously reported that this provision of law is found in the Foreign Assistance Act of 1961, as amended. In fact, since FY1986, the “Coup” limitation has been found in annual appropriations law.

determine whether such a triggering event has occurred is being publicly debated. Moreover, the law does not include a timetable for its application.<sup>18</sup> In addition, the law may not apply to all foreign funding streams. Some aid, such as the INCLE (International Narcotics Control and Law Enforcement) account and the NADR (Nonproliferation, Antiterrorism, Demining, and Related Programs) account, is made available “notwithstanding any other provision of law.” Egypt receives small sums from these accounts, usually totaling around \$5 million per fiscal year (\$1 million from INCLE and \$4 million from NADR). Other categories of aid that are, appear to be, or could be exempt from the Section 7008 restriction include: elections-related or humanitarian aid, child survival, public health, emergency food aid, and Peace Corps. Also, the Section 7008 restriction applies only to programs funded by the annual foreign operations appropriations act; it does not apply to funding administered by U.S. agencies and departments that are funded by other appropriations measures.

### **Will the Administration Call It a Coup?**

The State Department’s Office of the Legal Adviser may be responsible for determining how to apply or implement Section 7008 of P.L. 112-74. On July 3, the White House issued a statement in which President Obama remarked that:

We are deeply concerned by the decision of the Egyptian Armed Forces to remove President Morsy and suspend the Egyptian constitution. I now call on the Egyptian military to move quickly and responsibly to return full authority back to a democratically elected civilian government as soon as possible through an inclusive and transparent process, and to avoid any arbitrary arrests of President Morsy and his supporters. Given today’s developments, I have also directed the relevant departments and agencies to review the implications under U.S. law for our assistance to the Government of Egypt.<sup>19</sup>

On July 8, 2013, White House Press Secretary Jay Carney responded to a question asking if the Administration was planning on cutting Egypt’s aid by saying:

I think it would not be in the best interest of the United States to immediately change our assistance programs to Egypt. We think—not just I, but we think that it would not be in the best interest of the United States to do that. We are reviewing our obligations under the law and we will be consulting with Congress about the way forward with regards to, specifically, the assistance package that we provide.<sup>20</sup>

On July 17, Secretary of State John Kerry also responded to a journalist’s question asking if what had happened to former President Morsi constitutes a military coup. In response, Secretary of State Kerry said:

Well, on the issue of a coup, this is obviously an extremely complex and difficult situation. And President Obama has made clear our very deep concern about the decision of the Egyptian armed forces to remove the President from power and suspend the constitution. But the fact is, we need to take the time necessary, because of the complexity of this situation, to evaluate what

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<sup>18</sup> For background on how this provision of law has been applied in other cases, please see CRS Report R42664, *Crisis in Mali*, by Alexis Arief, and CRS Report R41200, *Guinea’s New Transitional Government: Emerging Issues for U.S. Policy*, by Alexis Arief.

<sup>19</sup> The White House, Office of the Press Secretary, July 03, 2013, Statement by President Barack Obama on Egypt

<sup>20</sup> <http://www.whitehouse.gov/the-press-office/2013/07/08/press-briefing-press-secretary-jay-carney-07082013>

has taken place, to review all of our requirements under the law, and to make it consistent with our policy objectives as is appropriate with that appropriate interpretation under the law. So that's exactly what we're doing right now, and I'm not going to rush to judgment on it. I'm going to wait till our lawyers have done their homework, till I have the appropriate facts and information in front of us. I will say this: That what complicates it, obviously, is that you had an extraordinary situation in Egypt of life and death, of the potential of civil war and enormous violence, and you now have a constitutional process proceeding forward very rapidly. So we have to measure all of those facts against the law, and that's exactly what we will do.<sup>21</sup>

As of July 19, it is unclear whether or not the United States government is continuing to obligate and deliver U.S. foreign assistance to Egypt. According to one report, \$650 million in FY2013 Foreign Military Financing (FMF) has so far been disbursed to Egypt, while none of the \$241 million in FY2013 Economic Support Fund (ESF) money has been disbursed.<sup>22</sup> According to the U.S. State Department, another \$584.2 million in FY2013 FMF is unobligated.<sup>23</sup>

The Administration has indicated that long-planned deliveries of F-16 jet fighters to Egypt, a sale notified to Congress in 2009<sup>24</sup> and contracted in 2010, will go forward. To date, of the 20 fighters total to be delivered to Egypt, eight were delivered in January 2013, another four are expected to reach Egypt in August, and the remaining eight are to be sent in December 2013. When the sale of these F-16 C/D fighters to Egypt was notified to Congress in 2009, Congress did not object to the sale after the notification, which was before the fall of the Mubarak government. In 2010, Lockheed Martin and Egypt reached an agreement for the purchase of 20 F-16C/Ds<sup>25</sup> valued at an estimated \$2.5 billion.

## **Continuing U.S. Foreign Aid to Egypt: Options for Congress**

The military's July 3 ouster of President Morsi has led some lawmakers to perceive a policy dilemma. Though many U.S. officials may not have personally supported his policies, governing style, or the ideology of the Muslim Brotherhood, he was widely recognized as the winner of a mostly free and fair presidential election. Since July 3, some lawmakers have called for aid to be suspended as per Section 7008, while others have called for its continuation or for greater deliberation on the question.<sup>26</sup> Many Members voice appreciation for the role long played by the Egyptian military in cooperating with U.S. defense counterparts and maintaining regional peace and open channels of communication with Israel. Other Members, while also apparently cognizant of the military's importance to U.S. regional interests, may not support its July 3 action, asserting that the democratic process would have eventually produced results reflecting popular discontent with the Brotherhood and President Morsi. Other Members, regardless of their views of Morsi's tenure, may simply wish to see the Administration follow what they argue the letter of the law requires—implementation of Section 7008.

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<sup>21</sup> Remarks With Jordanian Foreign Minister Nasser Judeh After Their Meeting, John Kerry, Secretary of State, Amman, Jordan, July 17, 2013.

<sup>22</sup> "U.S. Can Avoid Cutting Aid to Egypt in Several Ways, *Reuters*, July 15, 2013.

<sup>23</sup> Due to Sequestration, Egypt is to receive \$1.234 billion in FY2013 FMF instead of \$1.3 billion.

<sup>24</sup> See, [http://www.dscamilitary.com/PressReleases/36-b/2009/Egypt\\_%2009-34.pdf](http://www.dscamilitary.com/PressReleases/36-b/2009/Egypt_%2009-34.pdf).

<sup>25</sup> Since 1980, under the Peace Vector Foreign Military Sales Program, Egypt has acquired over 220 F-16s. It is the fourth largest operator of the F-16 after the United States, Israel, and Turkey.

<sup>26</sup> "McCain Calls for Suspension of Aid to Egypt, Other Senators Disagree," *Washington Post*, July 7, 2013.

Lawmakers have several options when it comes to continuing, suspending, or rescinding U.S. foreign aid to Egypt. Lawmakers who wish to see an immediate suspension of aid could push to either pass stand-alone legislation mandating a suspension or place an informal hold on Congressionally notified funds.

Lawmakers who oppose a possible suspension of aid under Section 7008 could advocate providing the President waiver authority based on national security concerns or encouraging the Administration not to make a ruling on whether a coup has occurred. In the case of the latter, lawmakers could advocate for a wait-and-see approach until the new Egyptian government is able to hold parliamentary and presidential elections, at which point a suspension of aid may no longer be warranted. Advocates of a go-slow approach also argue that the threat of an aid suspension provides the United States government with some leverage in pressing the Egyptian military to stick to a timetable for returning to civilian rule. Finally, lawmakers also could write legislation specifically excluding Egypt from being subject to Section 7008.

On past occasions Congress has passed legislation to withhold or suspend aid to Egypt. On February 15, 2007, Congress passed H.J.Res. 20, the FY2007 Revised Continuing Appropriations Resolution (P.L. 110-5). Section 20405 of the Act rescinded \$200 million in previously appropriated economic assistance to Egypt. Additionally, Section 690 of P.L. 110-161, the Consolidated Appropriations Act, FY2008, withheld the obligation of \$100 million in FMF or ESF until the Secretary of State had certified, among other things, that Egypt has taken concrete steps to “detect and destroy the smuggling network and tunnels that lead from Egypt to Gaza.”

If U.S. aid to Egypt were cut or rescinded in some way, Congress could also restore such funding at a later time. In terms of suspending U.S. military aid to Egypt, many Members are concerned over what domestic repercussions such a suspension would have on U.S. defense companies (and American workers), which receive contracts from most of the arms sales derived from FMF grants to Egypt. Should defense firms miss payments as a result of an aid suspension, the United States could be liable to private companies for damages, depending on how each individual defense contract is structured.

### **The Draft FY2014 House State, Foreign Operations, and Related Programs Bill**

On July 18, the House Appropriations Committee released the fiscal year 2014 State and Foreign Operations Appropriations bill. The bill would provide \$1.3 billion in FMF for FY2014 (“including for counterterrorism programs, border security programs and activities in the Sinai”), but it does not specify a precise amount of ESF. Section 7042 (1)(A) requires that before funds can be provided to Egypt, the Secretary of State must certify that Egypt is meeting its obligations under the 1979 Egypt-Israel Peace Treaty. Section 7042 (1)(B) requires that before funds are obligated to Egypt, the Secretary of State must certify that the government of Egypt is:

- (i) demonstrating a commitment to a pluralistic and inclusive democracy, including by—(I) planning for and conducting free and fair elections; (II) protecting freedom of expression, association, assembly, religion, and due process of law; and (III) respecting the rights of civil society organizations to operate without harassment or interference; and (ii) taking action to eliminate smuggling networks between Egypt and Gaza and to combat terrorism, including in the Sinai.

Section 7042 **does not** provide the Secretary of State with the authority to waive the above-stated conditions on assistance to Egypt for national security reasons. P.L. 112-74 contained a national security waiver.

## **Where is Egypt Heading?**

In the days following the July 3 ouster of former President Morsi, many observers have cautioned that there is a heightened prospect for violence; some have even warned that Egypt is heading toward a civil war, akin to neighboring Syria or Algeria in the 1990s. Others caution that such prognostications are premature and that some degree of violence had been anticipated once the military had made its intentions clear to intervene. According to Assistant Secretary of State William Burns, “I don't think that Egypt is in danger of repeating the tragedy that we see in Syria today.”

How supporters of the Muslim Brotherhood react in the days and weeks ahead will be critical in determining where the country is heading. Many analysts believe that Brotherhood leaders are walking a tightrope between emphasizing some degree of self-restraint to its rank and file, some of whom may seek to broaden the confrontation against the military beyond protests, civil disobedience, and non-violent resistance. Brotherhood rhetoric has at times been inflammatory, as the group has called for “an uprising by the great people of Egypt against those trying to steal their revolution with tanks.”<sup>27</sup>

Nevertheless, there is a sense amongst experts that while anything is possible in Egypt today, the majority of its citizens are peaceful and, despite frustration with their declining standards of living, are unwilling to resort to the type of armed conflict seen elsewhere in the region.

## **Background on U.S. Foreign Aid to Egypt**

*Reader Note: This section has not been updated since July 3, 2013*

The United States is facing a series of challenges stemming from more than two years of dramatic change in Egypt. The Administration and Congress have a number of interests at stake in Egypt as well as some potential levers of influence. Interests include maintaining U.S. naval access to the Suez Canal,<sup>28</sup> maintaining the 1979 Israel-Egypt peace treaty, and promoting democracy and economic growth within Egypt, the region's largest Arab country.

Between 1948 and 2011, the United States provided Egypt with \$71.6 billion in bilateral foreign aid, including \$1.3 billion a year in military aid from 1987 to the present. Since 1979, Egypt has been the second-largest recipient, after Israel, of U.S. bilateral foreign assistance.<sup>29</sup> In July 2007, the George

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<sup>27</sup> “Killing of 42 Egyptians triggers Islamist uprising call,” *Agence France Presse*, July 8, 2013.

<sup>28</sup> For example, the U.S. Navy relies on receiving expedited passage for U.S. warships through the Suez Canal in order to deploy carrier groups swiftly to the Persian Gulf region. Without passage through the Canal, the Navy would have to deploy ships around the Cape of Good Hope —adding significant time to deployment from Norfolk, VA to the Persian Gulf or Indian Ocean.

<sup>29</sup> The 1979 Peace Treaty between Israel and Egypt ushered in the current era of U.S. financial support for peace between Israel and her Arab neighbors. In two separate memoranda accompanying the treaty, the United States outlined commitments to Israel and Egypt, respectively. In its letter to Israel, the Carter Administration pledged to “endeavor to take into account and will endeavor to be responsive to military and economic assistance requirements of Israel.” In his (continued...)



W. Bush Administration signed a 10-year Memorandum of Understanding (MOU) with Israel to increase U.S. military assistance from \$2.4 billion in FY2008 to over \$3 billion by 2018. Egypt received no corresponding increase in U.S. military aid; instead, the Bush Administration pledged to continue to provide Egypt with \$1.3 billion in military aid annually, the same amount it has received annually since 1987. Unlike with Israel and, separately, with Jordan, the Bush Administration's pledge did not involve signing a bilateral MOU with the Egyptian government. Congress typically specifies a precise allocation of foreign assistance for Egypt in the foreign operations appropriations bill. Egypt receives the bulk of foreign aid funds from three primary accounts: Foreign Military Financing (FMF), Economic Support Funds (ESF), and International Military Education and Training (IMET).<sup>30</sup>

## **Military Aid**

In FY2011, Egypt received almost a quarter of all U.S. FMF funds, and Israel received nearly 60%. FMF aid to Egypt is divided into three general categories: (1) acquisitions, (2) upgrades to existing equipment, and (3) follow-on support/maintenance contracts. U.S.-Egyptian coproduction of the M1A1 Abrams Battle tank, which began in 1988, is one of the cornerstones of U.S. military assistance to Egypt. Egypt plans to acquire a total of 1,200 tanks. Under the terms of the program, a percentage of the tank's components are manufactured in Egypt at a facility on the outskirts of Cairo and the remaining parts are produced in the United States and then shipped to Egypt for final assembly. General Dynamics of Sterling Heights, MI, is the prime contractor for the program.<sup>31</sup> Although there are no verifiable figures on total Egyptian military spending, it is estimated that U.S. military aid covers as much as 80% of the Defense Ministry's weapons procurement costs.<sup>32</sup> Egypt also receives Excess Defense Articles (EDA) from the U.S. Defense Department. The United States offers IMET training to Egyptian officers in order to facilitate U.S.-Egyptian military cooperation over the long term. IMET assistance also makes Egypt eligible to purchase training at a reduced rate.

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(...continued)

letter to Egypt, former U.S. Secretary of Defense Harold Brown wrote that "the United States is prepared to enter into an expanded security relationship with Egypt with regard to the sales of military equipment and services and the financing of, at least a portion of those sales." Ultimately, the United States provided a total of \$7.3 billion to both parties in 1979. The Special International Security Assistance Act of 1979 (P.L. 96-35) provided both military and economic grants to Israel and Egypt at a ratio of 3 to 2, respectively, though this ratio was not enshrined in the treaty as Egypt would later claim.

<sup>30</sup> Egypt also receives, though not consistently, relatively small sums from the Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR) account and the International Narcotics Control and Law Enforcement (INCLE) account. NADR funds support counter-terrorism training through the Antiterrorism Assistance Program. INCLE funds support police training and respect for human rights in law enforcement.

<sup>31</sup> Congress was notified in July 2011 of a potential M1A1 agreement. The notification is listed here: [http://www.dsca.mil/PressReleases/36-b/2011/Egypt\\_10-67.pdf](http://www.dsca.mil/PressReleases/36-b/2011/Egypt_10-67.pdf)

Congress did not object to the sale, and an M1A1 contract was finalized thereafter. The following is information on the contract from the Department of Defense: General Dynamics [GD] Land Systems has received a \$395 million contract for work under the Egyptian tank co-production program. The contract, issued by the Army TACOM Lifecycle Management Command, has awarded the funds for production of 125 M1A1 Abrams tank kits for the 11th increment of the Egyptian co-production program. Since 1992, General Dynamics has provided components for kits used in the co-production program. The parts are shipped to a production facility near Cairo, Egypt, where the tanks are manufactured for the Egyptian Land Forces. This latest increment will increase the number of Egyptian co-production-built tanks to 1,130. Work on the components is to be performed in Anniston, Ala.; Tallahassee, Fla.; Sterling Heights, Mich.; Lima, Ohio; and Scranton, Penn., by existing General Dynamics employees. Deliveries are to begin in July 2013 and continue to January 2016.

<sup>32</sup> According to one source, U.S. military assistance pays for about a third of Egypt's overall defense budget each year. See, "Three Decades of Weapons, Training for Egypt Keep U.S. in Loop," *Bloomberg*, February 2, 2011.

In addition to large amounts of annual U.S. military assistance, Egypt benefits from certain aid provisions that are available to only a few other countries. Since 2000, Egypt's FMF funds have been deposited in an interest-bearing account in the Federal Reserve Bank of New York and have remained there until they are obligated. By law (P.L. 106-280), Congress must be notified if any of the interest accrued in this account is obligated. Most significantly, Egypt is allowed to set aside FMF funds for current year payments only, rather than set aside the full amount needed to meet the full cost of multi-year purchases. Cash flow financing allows Egypt to negotiate major arms purchases with U.S. defense suppliers.

**Table I. U.S. Assistance to Egypt, FY2010-FY2014 Request**  
(Regular and Supplemental Appropriations; Current Year \$ in Millions)

Account	FY2010	FY2011	FY2012	FY2013	FY2014
ESF	250.0	249.5	250.0	250.0	250.0
FMF	1,300.0	1,297.4	1,300.0	1,300.0	1,300.0
IMET	1.900	1.400	1.400	1.800	1.800
INCLE	1.000	1.000	.250	7.900	4.106
NADR	2.800	4.600	5.600	—	—
Total	1,555.7	1,553.9	1,557.25	1,559.7	1,555.906

## Economic Aid

During the 1980s and 1990s, Egypt received large amounts in annual economic loans and grants, mainly to support large-scale USAID infrastructure projects in sanitation, education, and telecommunications.<sup>33</sup> By the late 1990s, Congress began to scale back economic aid both to Egypt and Israel due to a 10-year agreement reached between the United States and Israel in the late 1990s known as the "Glide Path Agreement." In January 1998, Israeli officials, sensing that their economic growth had obviated the need for that type of U.S. aid at a time when Congress sought to reduce foreign assistance expenditures, negotiated with the United States to reduce economic aid and increase military aid over a 10-year period. A 3:2 ratio that long prevailed in the overall levels of U.S. aid to Israel and Egypt was applied to the reduction in economic aid (\$60 million reduction for Israel and \$40 million reduction for Egypt), but Egypt did not receive an increase in military assistance. Thus, Congress reduced ESF aid to Egypt from \$815 million in FY1998 to \$411 million in FY2008. The Bush Administration, whose relations with then-President Hosni Mubarak suffered over the latter's reaction to the Administration's democracy agenda in the Arab world, then requested that Congress cut ESF aid by half in FY2009 to \$200 million. Congress appropriated the President's request. Upon taking office in 2009, President Obama sought a \$50 million increase in economic aid to Egypt for FY2010, which Congress then passed.

In prior years, ESF funds were divided into two categories: USAID projects and cash transfers.<sup>34</sup> ESF funds are allocated to a variety of sectors, including health, education, economic growth, and

<sup>33</sup> According to the U.S. State Department, U.S. economic aid has helped provide clean drinking water and sanitation to the city of Cairo, build more than 2,000 schools and double literacy levels, and decrease in the maternal mortality rate by over 50% and the child mortality rate by over 70%. See, U.S. State Department, Assistance to Egypt Fact Sheet, Office of the Spokesman, Washington, DC, May 19, 2011.

<sup>34</sup> It is unclear if USAID is still operating the cash transfer program, as it had been scheduled to be phased out by 2011.

democracy and governance. U.S. funding for the latter has been a source of acrimony between the United States and Egypt for years, culminating in the recent dispute over U.S. funding for non-governmental organizations (see below).<sup>35</sup>

### **U.S. Funding for Democracy Promotion and the 2011-2013 NGO Case**

U.S. funding for democracy promotion activities and good governance has been a source of acrimony between the United States and Egypt for years. Though the two governments have held numerous consultations over the years regarding what might be deemed as acceptable U.S.-funded activities in the democracy and governance sector, it appears that the sides have not reached consensus. Using the appropriations process, Congress has acted to ensure that “democracy and governance activities shall not be subject to the prior approval of the GoE [government of Egypt].”<sup>36</sup>

Congress also has conditioned U.S. assistance to Egypt, including military aid, on an executive branch certification that the Egyptian government is transitioning to democracy. Section 7041 of P.L. 112-74, the Consolidated Appropriations Act, 2012, discussed in more detail below, specifies that no funds may be made available to Egypt until the Secretary of State certifies that Egypt is supporting the transition to civilian government, including by holding free and fair elections and by implementing policies to protect freedom of expression, association, and religion, and due process of law. The Administration may waive this certification under certain conditions. Former Secretary of State Hillary Rodham Clinton first exercised the waiver on March 23, 2012. Current Secretary of State Kerry exercised the waiver for FY2013 in early May 2013.<sup>37</sup>

### **Background**

Successive Egyptian governments under former President Hosni Mubarak, the military-led government that succeeded him, and the recently ousted government led by Morsi (an Islamist affiliated with the Muslim Brotherhood) all treated foreign-based non-governmental organizations (NGOs) and their local Egyptian partners with deep suspicion and periodically suppressed their activities. This suspicion has permeated not only the executive branch of government but the legislature and judiciary as well, as externally funded democracy-promotion activities have run up against Egyptian nationalist sentiment and post-colonial suspicion of alleged “foreign interference.” Other governments around the world view NGO activities, particularly those of U.S.- and European-

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<sup>35</sup> On February 6, Egyptian authorities charged 43 people, including the Egypt country directors of NDI and IRI, with spending money from organizations that were operating in Egypt without a license. 19 Americans, including Sam LaHood of IRI, the son of U.S. Transportation Secretary Ray LaHood, face criminal charges. Having departed Egypt, almost all of the accused Americans are being tried in absentia.

<sup>36</sup> In FY2005, Congress directed that “democracy and governance activities shall not be subject to the prior approval of the GoE [government of Egypt],” language which remained in annual foreign operations appropriations legislation until FY2010. Under Mubarak, Egypt had claimed that U.S. assistance programs must be jointly negotiated and could not be unilaterally dictated by the United States. P.L. 111-117, the Consolidated Appropriations Act, FY2010, contained general legislative language on the use of U.S. funds to NGOs, stating in Section 7034: “With respect to the provision of assistance for democracy, human rights and governance activities in this Act, the organizations implementing such assistance and the specific nature of that assistance shall not be subject to the prior approval by the government of any foreign country.” (See, P.L. 111-117. The conference report accompanying the Act notes, “the requirements of section 7034(m)(4) of this Act shall apply with respect to the provision of assistance to Egyptian NGOs.”) P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011, became law on April 15, 2011, after the resignation of former Egyptian President Hosni Mubarak, and did not contain language addressing the NGO issue.

<sup>37</sup> “U.S. quietly allows Military aid to Egypt despite rights Concerns,” Reuters, June 6, 2013.

backed democracy promotion organizations, with similar suspicion, arguing that by engaging with and training NGOs and political party member, foreign NGOs promote social unrest and regime change.

Even before the 2011 revolution that unseated Mubarak, the United States and other Western governments had long advocated for greater NGO freedom and other civil liberties. In 2000, Egyptian authorities closed the internationally recognized Egyptian NGO known as the Ibn Khaldun Center for Development Studies and arrested its director, Saad al-Din Ibrahim, a sociology professor at American University of Cairo. Ibrahim, who also holds U.S. citizenship, was arrested for defaming Egypt by describing discrimination against Coptic Christians, and for not reporting a foreign donation from the European Union for a voter education project. The international community condemned Ibrahim's detention and conviction and in 2002, Congress rejected \$134 million in newly proposed economic assistance for Egypt to protest Ibrahim's imprisonment. On March 18, 2003, an Egyptian court acquitted Ibrahim, and he was released.

One tool Egypt's government has used to suppress NGO activity is the Mubarak-era Law on Associations (Association Law 84-2002). According to this law, which is still in effect, NGOs are required to apply for legal status and must be registered with the Ministry of Social Affairs. In some cases, it may take years before the ministry rules on an application, and many groups are routinely rejected. Often, no response is given to the application, leaving an organization in legal limbo. If an NGO's application is rejected, it has few legal rights and can be shut down. Its members can be imprisoned. However, even registered NGOs must tread carefully when engaging in sensitive political issues, as some groups have been periodically closed or have had their legal status revoked. NGOs also must report all foreign donations to the Ministry of Social Affairs. Overall, tolerance for the activities of non-registered groups varies, and many NGOs operate without any legal protection. A new NGO law is under consideration to replace Law 84-2002, and activist groups have criticized drafts under consideration for extending similar restrictions and requirements (see below).

### **The "NGO Case" 2011-2013**

In 2011, the Egyptian military (or SCAF—the Supreme Council of the Armed Forces) assumed executive authority following the resignation of former President Hosni Mubarak. The SCAF began to vocally condemn long-standing U.S. democracy assistance programs and grants to Egyptian civil society organizations as unwelcome meddling in Egyptian affairs. These statements probably stemmed from tensions between the military and protestors fueled by disagreements over the pace of corruption trials for former regime officials and the continued detention and military trials of demonstrators. The SCAF may have been deliberately attempting to discredit secular/liberal activists by portraying them as American agents for accepting U.S. technical assistance. In the weeks following the resignation of former President Mubarak, the Obama Administration and Congress reprogrammed \$165 million in already appropriated economic aid for support to Egypt's economy (\$100 million) and political transition (\$65 million). In March 2011, USAID's Cairo office began soliciting grant proposals from Egyptian NGOs. In response, U.S. officials noted that "Egyptian groups that apply for and receive grants from the United States are engaged in activities that are politically neutral. No funds are provided to political parties." During U.S. Ambassador to Egypt Anne W. Patterson's 2011 Senate confirmation hearing, she remarked:

We have invested quite a few resources, close to \$40 million in these organizations [National Democratic Institute (NDI), International Republican Institute (IRI), and International Foundation for Electoral Systems (IFES)] over the—over the past few weeks. And they're very active on the ground in Egypt and as I mentioned have been very well received. We've also tried

to support smaller organizations. And through our Middle East Partnership Initiative we've given out, I think, 35 grants since the unrest in Tahrir Square to small civil society organizations, and many of them in rural areas who are doing just what you say, trying to connect the people's grievances with their political desires.

After this testimony received press coverage in the Egyptian media, numerous Egyptian state-run media reports personally attacked the U.S. Ambassador and accused USAID of handing suitcases of cash over to Egyptian political parties and activists in Tahrir Square in order to buy influence. Egyptian leaders also accused the Obama Administration of violating Egyptian law by funneling money to unregistered foreign democracy assistance organizations such as the National Democratic Institute (NDI) and International Republican Institute (IRI) operating inside Egypt. Both IRI and NDI had previously sought registration under Law 84-2002 but had not received approval to operate. Although unregistered U.S.-based NGOs had operated inside Egypt in the past, clearly the military-led regime made an issue of their presence in the charged political climate.

Then, on December 29, 2011, Egyptian police raided the offices of U.S.-based international non-governmental organizations working on election monitoring, political party training, and government transparency in Egypt, including IRI, NDI, and Freedom House, as part of a criminal investigation commissioned by then-Minister of International Cooperation Fayza Abul Naga<sup>38</sup> into foreign funding of NGOs. The legal status of these entities was an issue of long-running bilateral dispute. Police seized laptop computers and interrogated employees, accusing various organizations of operating illegally without a license. As a result of the raids, many NGOs were forced to close their local offices.

The U.S. government protested the raids, and the SCAF promised that equipment would be returned and that NGO operations would return to normal. However, these pledges were not fulfilled. On the contrary, two weeks later, Egypt barred at least six American NGO employees from leaving the country. On February 6, 2012, Egyptian authorities charged 43 people, including the Egypt country directors of NDI and IRI, with spending money from organizations that were operating in Egypt without a license. 19 Americans, including Sam LaHood of IRI, the son of U.S. Transportation Secretary Ray LaHood, faced criminal charges. Most of the accused American employees were nonetheless able to leave Egypt, with the exception of six or seven individuals who had fled to the U.S. Embassy in Cairo.

Throughout February and early March 2012, U.S. and Egyptian officials negotiated to (at the very least) have the travel ban on the Americans who remained at the U.S. Embassy in Cairo lifted. Reportedly, U.S. officials and lawmakers threatened not only to withhold bilateral aid, but to obstruct a pending IMF loan to Egypt if the situation was not resolved.<sup>39</sup> Finally, on March 1, days after three Egyptian judges recused themselves from the NGO case (reportedly because they refused orders to overturn the travel ban that they saw as stemming from U.S. pressure), Egyptian authorities lifted the travel ban, and NDI and IRI were forced to pay a combined \$4 million bail. Almost all of the accused Americans left Egypt.

For the next 15 months (March 2012 to June 2013), the government conducted a trial of the 43 NGO workers. Most of the foreigners remained in absentia. According to Human Rights Watch, the workers were charged under article 98(c)(1) of Egypt's penal code, which states: "Anyone who

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<sup>38</sup> Abul Naga is the only remaining cabinet holdover from the Mubarak era and has served since 2001.

<sup>39</sup> "U.S. Defendants Leave Egypt Amid Growing Backlash," *New York Times*, March 1, 2012.

creates or establishes or manages an association or organization or institution of any kind of an international character or a branch of an international organization without a license in the Egyptian Republic shall be punished with imprisonment for a period of not more than 6 months or with a fine of 500 EGP [US\$82].” The defendants were also charged under the penal code with receiving funds without authorization, which can carry a penalty of up to five years in prison.<sup>40</sup>

On June 4, 2013, a Cairo criminal court convicted the 43 NGO workers. Twenty-seven of those individuals received five-year jail terms. Another five received two years and 11 received one year. All 43 defendants were fined 1,000 Egyptian pounds (\$143). The court also ordered the closure of the NGOs involved in the case, including IRI, NDI, and Freedom House.

In response to the court’s decision, U.S. National Security Council Spokesperson Caitlin Hayden made the following statement:

The United States is deeply concerned by the verdicts issued today by an Egyptian court against representatives of non-governmental organizations in what was a politically motivated trial. The court’s decision undermines the protection of universal human rights and calls into question the Government of Egypt’s commitments to support the important role of civil society. Civic groups, including international non-governmental organizations, play a key role in successful democracies. They are critical to advancing freedoms, supporting universal human rights, and acting as appropriate checks on the government. We urge the Government of Egypt to protect the ability of these groups to operate freely, including by ensuring that the civil society law under consideration by the Shura Council conforms with international standards, and by working with international and domestic civic organizations to ensure they can support Egypt’s transition to democracy.<sup>41</sup>

## **U.S. Foreign Aid to Egypt since the February 2011 Revolution**

U.S. foreign aid to Egypt, which was contentious during the reign of former President Hosni Mubarak, has continued to spark debate among lawmakers and between Congress and the Obama Administration. Although the Administration proposed the same bilateral foreign operations appropriation request for Egypt in FY2014 that Egypt received in the previous four fiscal years (approximately \$1.55 billion), the implementation of new Administration aid initiatives previously authorized by Congress has at times been placed on hold by some lawmakers. Due to overall U.S. budgetary limitations, concern over widespread anti-Americanism permeating Egyptian politics, uncertainty over the intentions of the Muslim Brotherhood, and general U.S. concern over Egypt’s transition to democracy and adherence to the 1979 Israel-Egypt Peace Treaty, bilateral cooperation on aid has not been as robust as elsewhere in the region (e.g., Tunisia).

After Mubarak’s resignation in February 2011, the Administration made several aid proposals for Egypt. In the weeks following the resignation, the Obama Administration reprogrammed \$165 million in already-appropriated ESF for support to Egypt’s economy (\$100 million) and political transition (\$65 million).<sup>42</sup> In a speech delivered at the State Department on May 19, 2011, President

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<sup>40</sup> <http://www.hrw.org/news/2013/06/04/egypt-unjust-verdict-rights-workers-trial>

<sup>41</sup> <http://www.whitehouse.gov/the-press-office/2013/06/04/statement-national-security-council-spokesperson-caitlin-hayden-egypt-ng>

<sup>42</sup> USAID provided support to both the 2011 parliamentary and 2012 presidential elections (est. \$20-\$23 million), including assistance to domestic and international election “witnesses” who reported on the election process and administration assistance in collaboration with the Egyptian High Election Commission (HEC), among other activities.

Obama outlined a new plan for U.S. engagement with Egypt and other Arab countries undergoing political transitions. Major components of that plan included providing up to \$1 billion in bilateral debt relief<sup>43</sup> to Egypt and \$1 billion in U.S.-backed loan guarantees<sup>44</sup> to finance Egyptian infrastructure and job creation, and creating an enterprise fund to invest in small- and medium-sized Egyptian businesses (SME).

The current status of various U.S. aid initiatives for Egypt is as follows:

- **Cash Transfer<sup>45</sup> (Authorized but partially on Hold):** In late September 2012, some Members of Congress placed holds on a congressionally notified **\$450 million** Economic Support Fund (ESF) cash transfer to Egypt.<sup>46</sup> Those funds would have been used to pay down Egypt's bilateral debt<sup>47</sup> (approximately \$2.7 billion) to the United States in exchange for Egyptian government commitment to a fiscal stabilization program as prescribed by the International Monetary Fund.<sup>48</sup> During his March 2013 visit to Cairo, Secretary of State Kerry announced that Congress had partially lifted its hold and that the Administration would provide Egypt with \$190 million in budget support. (Congress also lifted a hold on a \$60 million Egyptian-American Enterprise Fund<sup>49</sup>). The remaining \$260 million is still on hold. An additional \$550 million in debt relief pledged by the Obama Administration,

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<sup>43</sup> As of June 2012, total Egyptian debt to the United States was approximately \$2.7 billion, with \$1.2 billion owed to USAID and the balance owed to USDA.

<sup>44</sup> According to the U.S. State Department, Loan Guarantees to Egypt were authorized in the Emergency Wartime Supplemental Appropriations Act, 2003 (P.L. 108-11). The maximum principal to be guaranteed was \$2 Billion and the authority expired on September 30, 2005. Only \$1.25 billion in guarantees were issued under the program, and that amount remains outstanding, with the total principal due in September 2015.

<sup>45</sup> Egypt has already received substantial debt relief from the United States. In recognition of Egypt's participation in Operation Desert Storm in Iraq, in 1990, President George H.W. Bush asked Congress to forgive \$6.7 billion of debt that stemmed from military loans extended to Egypt by the United States between 1979 and 1984 to help finance large amounts of weapons purchased under the Foreign Military Sales (FMS) Program. Debt cancellation authority for the full amount was granted in the 1991 Foreign Operations Appropriations Act. At the time, total Egyptian debt owed to the United States, including ESF and PL-480 loans, was about \$12 billion.

<sup>46</sup> The ESF cash transfer would come from previously appropriated ESF, including: \$55,170,041 ESF (FY 2012), \$225,436,126 ESF (FY 2011), \$167,461,116 ESF (No Year), and \$1,932,717 ESF (Prior Year Recoveries).

<sup>47</sup> A portion of Egypt's debt to the United States government stems from past food aid programs. U.S. food aid to Egypt primarily consisted of concessional sales of U.S. wheat under Title I of the Food for Peace Act, which makes available long-term, low-interest loans or grants to developing countries and private entities for their purchase of U.S. agricultural commodities to support specific projects. According to one analyst, by the end of 1976, one of every three loaves of bread consumed by urban Egyptians was a product of wheat purchased under the PL-480 program. See, William Joseph Burn, *Economic Aid and the American Policy Toward Egypt, 1955-1981* (State University of New York Press, Albany, NY, 1985). Loan agreements under the Title I credit program provided for repayment terms of up to 30 years with a grace period of up to five years. Egypt stopped receiving loans under Title I in 1995 and no U.S. funding for any Title I credit sales and grants has been appropriated since FY2006.

<sup>48</sup> Egypt currently owes the United States approximately \$2.7 billion from decades-old food aid loans. In order to provide debt relief, U.S. government agencies are required to value U.S. loans, such as bilateral debt owed to the United States, on a net present value basis rather than at their face value, and an appropriation by Congress of the estimated amount of debt relief is required in advance. P.L. 112-74 provided that ESF funds appropriated for Egypt in the act and from prior acts could be used for an Egypt debt initiative. Moreover, according to P.L. 112-74, bilateral debt relief funds would be a "swap" and channeled into programs that improve "the lives of the Egyptian people through education, investment in jobs and skills (including secondary and vocational education), and access to finance for small and medium enterprises with emphasis on expanding opportunities for women, as well as other appropriate market-reform and economic growth activities."

<sup>49</sup> A description of the fund is available at: [<http://www.wamda.com/2013/05/egyptian-american-enterprise-fund-launches-to-support-egyptian-startups>]

according to the State Department, is still under consideration but it has not been notified to Congress.

## Recent Legislation

### The Consolidated Appropriations Act, FY2012

Overall, Congress has supported new Obama Administration proposals for Egypt but with conditions. P.L. 112-74, the Consolidated Appropriations Act, 2012, provides the full request for Egypt (\$1.55 billion), authorizes debt relief, and authorizes and appropriates funding for the creation of an enterprise fund to promote private sector investment. However, Section 7041 of P.L. 112-74 specifies that no funds may be made available to Egypt until the Secretary of State certifies that Egypt is meeting its obligations under the 1979 Egypt-Israel Peace Treaty. It further specifies that no military funds be provided until the Administration certifies that Egypt is supporting the transition to civilian government, including by holding free and fair elections and by implementing policies to protect freedom of expression, association, and religion, and due process of law. The Administration may waive these certifications under certain conditions. In addition, conferees directed the Secretary of State to submit a report to the Committees on Appropriations, not later than 60 days after enactment of the act, outlining steps that the government of Egypt is taking to protect religious minorities, including Coptic Christians; prevent sectarian and gender-based violence; and hold accountable those who commit such acts.

On March 15, the *New York Times* reported that the Administration intends to obligate FY2012 military aid to Egypt by exercising the waiver authority Congress granted it in Section 7041 (c) of P.L. 112-74, the Consolidated Appropriations Act 2012.<sup>50</sup> That section would waive a provision of law requiring the Secretary of State to certify to the Committees on Appropriations that the government of Egypt is supporting the transition to civilian government before FY2012 Foreign Military Financing to Egypt is obligated. According to the *New York Times* report, some Administration officials have argued that the certification should wait until the presidential election. However, existing FMF funding previously appropriated by Congress may be dwindling, and the Egyptian military may be at risk of missing defense contract payments.<sup>51</sup>

The Secretary of State exercised the waiver on March 23. In an accompanying statement, a State Department spokesperson said that:

As the Secretary's statement makes clear, as the statement we released with regard to her decision makes clear, we have a huge number of interests and equities at stake in our relationship with Egypt. This is a strategic partnership; so rather than talking about leverage, we're talking about partnership, as we have for all of these years. And as we make clear here, Egypt itself is changing very fast. We have a new Egypt emerging. So U.S. support in all of its forms – FMF, ESF in countries around the world – is designed to allow us to support the partnership that we have with countries and the developments that we want to see in countries in a more democratic, prosperous, stable, secure direction.<sup>52</sup>

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<sup>50</sup> "Despite Rights Concerns, U.S. Plans to Resume Egypt Aid," *New York Times*, March 15, 2012.

<sup>51</sup> op.cit.

<sup>52</sup> Victoria Nuland Spokesperson, Daily Press Briefing Washington, DC, March 23, 2012



## **FY2013 State and Foreign Operations Appropriations Bills**

House (112<sup>th</sup> Congress; H.R. 5857)—The House bill would have provided the full Administration request for Egypt of \$250 million in ESF and \$1.3 billion in FMF. It included a number of specific directives, including:

- Section 7042 of the bill contains a certification that no funds may be made available for Egypt unless the Secretary of State certifies to the Committees on Appropriations that Egypt’s central government is meeting its obligations under the 1979 Egypt-Israel Peace Treaty.
- The bill also contains a requirement stating that prior to obligations of ESF and FMF, the Secretary of State shall certify that the Government of Egypt (1) has completed the transition to civilian government, including holding free and fair elections; and (2) is implementing policies to protect freedom of expression, association, and religion, and due process of law. The Secretary of State may waive these requirements if the Secretary determines and reports to the Committees on Appropriations that to do so is in the national security interest of the United States. The bill states that such a determination and report shall include a detailed justification for such waiver and that the Secretary of State shall consult with the Committees on Appropriations prior to waiving such requirements.
- In addition, the Committee on Appropriations must be consulted prior to the transfer of FMF funds to an interest-bearing account for Egypt. The committee also must be notified 15 days in advance of the obligation of funds for Egypt.
- The committee also directs the Secretary of State to submit a report to the Committees on Appropriations, not later than 90 days after enactment of this act, detailing the status of human rights within Egypt. The report should include whether the government of Egypt is providing adequate protection for religious minorities, including protection of Coptic Christians, their property, and their places of worship.
- The committee directs the Secretary of State to report to the Committees on Appropriations, not later than 90 days after enactment of this act, on all assistance provided under this heading for Egypt from fiscal year 2008 through 2012. The report should include the following: (1) the ministries, agencies, or instrumentalities of the government of Egypt that received funding; (2) United States, international, or Egyptian organizations that received funding; (3) a description of the purpose of each program, project, or activity; (4) whether each program, project, or activity complied with mandatory audit requirements; and (5) a description of whether each program, project, or activity fulfilled its stated purpose.
- Section 7032 of the bill contains a passage stating that “None of the funds appropriated or otherwise made available by title III of this Act may be obligated for direct Government-to-Government assistance if such assistance is to a government that is actively and significantly interfering with the operation of civil society organizations.” This restriction does not specifically refer to Egypt but could possibly apply to some economic aid to Egypt should its government obstruct operations of non-governmental organizations.

Senate (112<sup>th</sup> Congress; S. 3241)—The Senate bill also contained most of the Administration request for Egypt, though it “reduces assistance for Egypt under ESF by an amount equal to the amount

posted as bail in February 2012 for members of United States NGOs operating in Egypt.” The Senate bill included the following provisions:

- “None of the funds appropriated under titles III and IV of this Act and in prior Acts making appropriations for the Department of State, foreign operations, and related programs may be made available for assistance for the Government of Egypt unless the Secretary of State certifies to the Committees on Appropriations that such government is meeting its obligations under the 1979 Egypt-Israel Peace Treaty.”
- “The President shall submit to the Committees on Appropriations, concurrent with the fiscal year 2014 budget request, a comprehensive review of United States assistance for Egypt, including the strategic purposes and mechanisms for disbursing such assistance, and specific programs to be conducted in furtherance of security sector and other reforms.”
- “Funds appropriated by this act under the heading ‘Foreign Military Financing Program’ for assistance for Egypt shall be made available for border security programs in the Sinai, and for purposes related to peacekeeping and disaster response: Provided, That a portion of such funds estimated to be outlaid during fiscal year 2013 may, following consultation with the Committees on Appropriations, be transferred to an interest bearing account for Egypt in the Federal Reserve Bank of New York: Provided further, That funds appropriated by this Act under the heading ‘Economic Support Fund’ shall be made available to promote security sector reform in Egypt, in accordance with section 7034(r) of this Act.”
- “Prior to the initial obligation of funds appropriated by this Act for assistance for Egypt under the heading ‘Foreign Military Financing Program’, the Secretary of State shall certify to the Committees on Appropriations that the Government of Egypt is a democratically elected civilian government that is implementing policies to—(A) provide civilian control over, and public disclosure of, the military and police budgets; (B) fully repeal the Emergency Law; and (C) protect judicial independence; freedom of expression, association, assembly, and religion; the right of political opposition parties, civil society organizations, and journalists to operate without harassment or interference; and due process of law. The Secretary of State, after consultation with the Committees on Appropriations, may waive the requirements of paragraphs (1) and (4) if the Secretary determines and reports to the Committees on Appropriations that to do so is important to the national security interest of the United States: Provided, That such determination and report shall include a detailed justification for such waiver.”

## **Legislation in the 113<sup>th</sup> Congress**

- H.R. 1960—National Defense Authorization Act for Fiscal Year 2014—Section 1242 includes a sense of Congress that, among other things, states that “the United States continues to have considerable concerns about the intentions and actions of the Egyptian Muslim Brotherhood and whether the government of President Morsi is committed to a pluralistic, democratic Egypt.” This section also states that “the United States military relationship with the Egyptian military is long-standing and should remain a key pillar to, and component of, United States engagement with Egypt.” The bill also would require that the Secretary of Defense, in consultation

with the Secretary of State, shall submit to the appropriate congressional committees a report that contains a comprehensive plan for United States military assistance and cooperation with Egypt. It also would require that the Comptroller General of the United States submit to the appropriate congressional committees a report that provides recommendations regarding additional actions with respect to the provision of United States security assistance to Egypt.

- H.R. 1302—A bill that would prohibit military credit assistance to Egypt under the Arms Export Control Act with respect to funds made available to any federal department or agency beginning with FY2014.
- H.R. 1039—A bill that would rescind \$500 million of unobligated amounts of foreign assistance for Egypt and appropriates \$500 million for the Department of Defense (DOD) tuition assistance program for FY2013.
- H.R. 939—A bill that would prohibit the U.S. government from allowing the sale, lease, transfer, retransfer, or delivery of F-16 aircraft, M1 tanks, or certain other defense articles or services to Egypt until the President certifies to Congress that Egypt: (1) is curtailing support for terrorist activities conducted by foreign terrorist organizations; (2) has adopted policies that promote religious and political freedoms; (3) is carrying out concerted efforts to enforce access along the Sinai Peninsula, including preventing illegal weapons smuggling between Egypt and Gaza; and (4) is fully implementing the 1979 Peace Treaty between Egypt and Israel.
- H.R. 276—a bill that would prohibit any funds made available after FY2013 to any federal department or agency from being used to provide assistance to Egypt.
- H.R. 416—a bill that, among other things, would limit specified security and economic assistance to Egypt unless the Secretary of State certifies to Congress every six months that the Egyptian government (1) is not controlled by or under the influence of a foreign terrorist organization, or that no supporter of a foreign terrorist organization serves in a policy-making position in the government; (2) has implemented legal reforms that protect the political, economic, and religious freedoms and human rights of all citizens and residents of Egypt; (3) is fully implementing the Israel-Egypt Peace Treaty; and (4) is taking verifiable steps to destroy the smuggling network and tunnels between Egypt and the Gaza Strip, and is cracking down on extremist groups in the Sinai Peninsula.
- H.R. 1922—a bill that, among other things, would prohibit funds from being used to provide foreign assistance to: (1) any other country unless the applicable government provides assurances that it will not provide unpermitted assistance to Iran, North Korea, Syria, Egypt, and Pakistan; or (2) a private voluntary organization unless it provides assurances that it will not assist or enter contracts to provide unpermitted assistance to such countries. Prescribes penalties for violations of such prohibitions.
- H.R. 2544 —a bill that would prohibit specified U.S. economic assistance and opposes World Bank and International Monetary Fund (IMF) assistance to the government of Egypt unless the President certifies to Congress that the government of Egypt: (1) has implemented legal reforms to protect political, economic, and religious freedoms and human rights; (2) is demonstrating a commitment to free and fair elections; (3) is implementing all measures in the 1979 Egypt-Israel Peace

Treaty; (4) is taking action to eliminate smuggling networks, destroy tunnels between Egypt and the Gaza Strip, and combat terrorism in the Sinai; (5) in consultation with the Department of Defense (DOD), has produced an analysis of Egypt's current security needs; and (6) has lifted restrictions in law and practice on the work and funding of Egyptian and international nongovernmental human rights and democracy organizations.

- S. 201—a bill that would prohibit the U.S. government from licensing, approving, facilitating, or otherwise allowing the sale, lease, transfer, retransfer, or delivery of F-16 aircraft, M1 tanks, or other specified defense articles or services to Egypt.
- S. 207—a bill that would prohibit the U.S. government from allowing the sale, lease, transfer, retransfer, or delivery of F-16 aircraft, M1 tanks, or certain other defense articles or services to Egypt until the President certifies to Congress that Egypt has agreed to (1) continue to uphold its Camp David Peace Accords commitments, (2) provide proper security at U.S. embassies and consulates, and (3) end its systematic exclusion and silencing of all official minority political opposition parties and engage in dialogue for a power-sharing government with such parties.
- S. 984—A bill that would that would prohibit appropriations to be used for United States participation in joint military exercises with Egypt if the Government of Egypt abrogates, terminates, or withdraws from the 1979 Egypt-Israel peace treaty signed at Washington, DC, on March 26, 1979. The President may waive this limitation if the President certifies to Congress in writing that the waiver is in the national security interests of the United States.
- S. 1278 — a bill that would suspend the provision of specified defense articles and services, and the processing of letters of offer and acceptance for future arms sales, until the President certifies to Congress that democratic national elections have taken place in Egypt followed by a peaceful transfer of power.
- S.Amdt. 9 to H.R. 325—an amendment stating that “Notwithstanding any other provision of law, the United States Government shall not license, approve, facilitate, or otherwise allow the sale, lease, transfer, retransfer, or delivery of F-16 aircraft, M1 tanks, or other defense articles or services listed in Category VI, VII, or VIII of the United States Munitions List to the Government of Egypt.” The Senate failed to adopt the measure by a vote of 19 for to 79 against.

**Table 2. Top 10 Recipients of U.S. Foreign Assistance, FY2012 and FY2013 Req.**  
(in millions)

FY2012		FY2013 Req.	
1. Israel	\$3,075	1. Israel	\$3,100
2. Afghanistan	\$2,327	2. Afghanistan	\$2,505
3. Pakistan	\$2,102	3. Pakistan	\$2,228
4. Iraq	\$1,683	4. Iraq	\$2,045
<b>5. Egypt</b>	<b>\$1,557</b>	<b>5. Egypt</b>	<b>\$1,563</b>
6. Jordan	\$676	6. Jordan	\$671
7. Kenya	\$652	7. Nigeria	\$599
8. Nigeria	\$625	8. Tanzania	\$571
9. Ethiopia	\$580	9. South Africa	\$489
10. Tanzania	\$531	10. Kenya	\$460

**Source:** Allocation tables provided to CRS by the Department of State, F Bureau. Does not include funding from independent agencies such as MCC, which, if included, could change the ranking of Tanzania.

**Table 3. U.S. Foreign Assistance to Egypt**  
(\$ in millions)

Fiscal Year	Economic	Military	IMET	Total
1948-1997	23,288.6	22,353.5	27.3	45,669.4
1998	815.0	1,300.0	1.0	2,116.0
1999	775.0	1,300.0	1.0	2,076.0
2000	727.3	1,300.0	1.0	2,028.3
2001	695.0	1,300.0	1.0	1,996.0
2002	655.0	1,300.0	1.0	1,956.0
2003	911.0	1,300.0	1.2	2,212.2
2004	571.6	1,292.3	1.4	1,865.3
2005	530.7	1,289.6	1.2	1,821.5
2006	490.0	1,287.0	1.2	1,778.2
2007	450.0	1,300.0	1.3	1,751.3
2008	411.6	1,289.4	1.2	1,702.2
2009	250.0	1,300.0	1.3	1,551.3
2010	250.0	1,300.0	1.9	1,551.9
2011	249.5	1,297.4	1.4	1,548.3
2012	250.0	1,300.0	1.4	1,551.4
<b>Total</b>	<b>31,320.3</b>	<b>41,809.2</b>	<b>44.54</b>	<b>73,174.0</b>



**Table 4. U.S. Foreign Assistance to Egypt, 1946-1997**

(\$ in millions)

Year	Total	Military Loan	Military Grant	IMET Grant	Misc. Econ Grant	DA Loan	DA Grant	ESF Loan	ESF Grant	PL. 480 I	PL. 480 II
1946	9.6	—	—	—	9.3 Surplus 0.3 UNWRA	—	—	—	—	—	—
1948	1.4	—	—	—	1.4 Surplus	—	—	—	—	—	—
1951	0.1	—	—	—	0.1 Tech Asst	—	—	—	—	—	—
1952	1.2	—	—	—	—	—	0.4	—	—	—	0.8
1953	12.9	—	—	—	—	—	12.9	—	—	—	—
1954	4.0	—	—	—	—	—	3.3	—	—	—	0.7
1955	66.3	—	—	—	—	7.5	35.3	—	—	—	23.5
1956	33.3	—	—	—	—	—	2.6	—	—	13.2	17.5
1957	1.0	—	—	—	—	—	0.7	—	—	—	0.3
1958	0.6	—	—	—	—	—	0.0	—	—	—	0.6
1959	44.8	—	—	—	—	—	2.0	—	—	33.9	8.9
1960	65.9	—	—	—	—	15.4	5.7	—	—	36.6	8.2
1961	73.5	—	—	—	—	—	2.3	—	—	48.6	22.6
1962	200.5	—	—	—	—	20.0	2.2	20	—	114.0	44.3
1963	146.7	—	—	—	—	36.3	2.3	10	—	78.5	19.6
1964	95.5	—	—	—	—	—	1.4	—	—	85.2	8.9
1965	97.6	—	—	—	—	—	2.3	—	—	84.9	10.4
1966	27.6	—	—	—	—	—	1.5	—	—	16.4	9.7
1967	12.6	—	—	—	—	—	0.8	—	—	—	11.8

Year	Total	Military Loan	Military Grant	IMET Grant	Misc. Econ Grant	DA Loan	DA Grant	ESF Loan	ESF Grant	PL. 480 I	PL. 480 II
1972	1.5	—	—	—	—	1.5	—	—	—	—	—
1973	0.8	—	—	—	—	—	—	—	—	—	0.8
1974	21.3	—	—	—	—	—	—	—	8.5	9.5	3.3
1975	370.1	—	—	—	—	—	—	194.3	58.5	104.5	12.8
1976	464.3	—	—	—	—	—	5.4	150.0	102.8	201.7	4.4
TQ	552.5	—	—	—	—	—	—	429.0	107.8	14.6	1.1
1977	907.8	—	—	—	—	—	—	600.0	99.2	196.8	11.7
1978	943.2	—	—	0.2	0.1 Narc.	—	—	617.4	133.3	179.7	12.5
1979	2,588.5	1,500	—	0.4	—	—	—	250.0	585.0	230.7	22.4
1980	1,167.3	—	—	0.8	—	—	—	280.0	585.0	285.3	16.1
1981	1,681.2	550	—	0.8	—	—	—	70.0	759.0	272.5	28.9
1982	1,967.3	700	200.0	2.4	—	—	—	—	771.0	262.0	31.9
1983	2,332.0	900	425.0	1.9	—	—	—	—	750.0	238.3	16.8
1984	2,470.8	900	465.0	1.7	—	—	—	—	852.9	237.5	13.7
1985	2,468.7	—	1,175.0	1.7	—	—	—	—	1,065.1	213.8	13.2
1986	2,539.1	—	1,244.1	1.7	—	—	—	—	1,069.2	217.5	6.6
1987	2,317.0	—	1,300.0	1.8	—	—	—	—	819.7	191.7	3.9
1988	2,174.9	—	1,300.0	1.5	—	—	—	—	717.8	153.0	2.6
1989	2,269.6	—	1,300.0	1.5	—	—	1.5	—	815.0	150.5	1.2
1990	2,397.4	—	1,294.4	1.6	—	—	—	—	898.4	203.0	—
1991	2,300.2	—	1,300.0	1.9	—	—	—	—	780.8	165.0	52.5
1992	2,235.1	—	1,300.0	1.8	—	—	—	—	892.9	40.4	—



Year	Total	Military Loan	Military Grant	IMET Grant	Misc. Econ Grant	DA Loan	DA Grant	ESF Loan	ESF Grant	PL. 480 I	PL. 480 II
1993	2,052.9	—	1,300.0	1.8	—	—	—	—	747.0	—	4.1
1994	1,868.6	—	1,300.0	0.8	—	—	—	—	561.6	35.0	6.2
1995	2,414.5	—	1,300.0	1.0	—	—	0.2	—	1,113.3	—	—
1996	2,116.6	—	1,300.0	1.0	—	—	—	—	815.0	—	0.6
1997	2,116.0	—	1,300.0	1.0	—	—	—	—	815.0	—	—
<b>Total</b>	<b>45,669.4</b>	<b>4,550</b>	<b>17,803.5</b>	<b>27.3.0</b>	<b>11.2</b>	<b>80.7</b>	<b>82.8</b>	<b>2,620.7</b>	<b>15,923.8</b>	<b>4,114.3</b>	<b>455.1</b>

**Notes:** Totals may not add due to rounding. No U.S. aid programs for years 1947, 1949, 1950, 1968, 1969, 1970, and 1971. P.L. 480 II Grant for 1993 includes \$2.1 million in Sec. 416 food donations.

TQ = Transition Quarter; change from June to September fiscal year

\* = less than \$100,000

IMET = International Military Education and Training

UNRWA = United Nations Relief and Works Agency

Surplus = Surplus Property

Tech. Asst. = Technical Assistance

Narc. = International Narcotics Control

DA = Development Assistance

ESF = Economic Support Funds

PL 480 I = Public Law 480 (Food for Peace), Title I Loan

PL 480 II = Public Law 480 (Food for Peace), Title II Grant

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