

CHAPTER I

INTRODUCTION

A. Background

Historically, the official relationship between the United States (US) and Egypt has established in 1922 following the recognition of Egypt's independence from the United Kingdom (UK). The United States has become an important partner of Egypt in ensuring regional stability and on various security issues, including Middle East peace and counter terrorism. The US-Egyptian relations are based on mutual interests in the process of peace and stability in the Middle East, revitalization of Egypt's economy, strengthening trade relations, and promoting regional security.

The bilateral relations between US and Egypt increased significantly under the leadership of Anwar Sadat following the Egypt's acceptance of various peace schemes during Camp David negotiations under US's Henry Kissinger after the Arab-Israeli War in 1973. In July 1978, President Carter decided to hold a summit invited President Sadat and Israeli Prime Minister Menachem Begin, located in Maryland, Camp David. The Camp David meeting was held on 5-17 September 1978 by discussing surrounding Arab-Israeli disputes. President Carter stated that if Egypt made peace with Israel then Egypt would have relations with the US at the same level as Israel. In other words, US will make Egypt and Israel the number one alliance in the Middle East. That way, Egypt will become a strategic ally of US in the Middle East, providing stability in the Eastern Mediterranean region, becoming a fortress against the influence of the Soviet Union in the Middle East and Africa, and becoming a launch point for US forces during the crisis in the Persian Gulf. In addition, Egypt will receive assistance of around \$ 2.1 billion each year in which the funds are divided into \$ 1.3 billion to equip the armed forces and \$ 815 million to improve the Egyptian economy (Kuehner, 2009). As a result, a peace agreement officially signed on March 26, 1978. Under this peace agreement, Israel pushed to return from Sinai

Peninsula which was seized in the 1967 Six-Day War to Egypt (Office of The Historian). This agreement was the first confession of a major Arab country towards the existence of Israel. The Camp David negotiations are considered to be one of the most successful in the whole series of Middle East peace agreements. The existence of this agreement changes the political map in the Middle East, one of which is the changing status of Egypt in the eyes of other Arab countries. Even Egypt had been expelled from the Arab League from 1979-1989 (Internasional Kompas, 2014).

In 1979 the US began to provide military assistances roughly \$ 1.3 billion. In addition, in term of military assistance, the US also provided economic assistance of \$ 815 million. Overall, the total assistances given to Egypt each year during Mubarak's reign reached \$ 2.1 billion (Meital, 1998) and have ranked Egypt as the second largest recipient of US's aids after Israel among Middle East countries.

Under Hosni Mubarak, US-Egypt relations have developed and moved beyond the Middle East peace process towards independent bilateral friendship. President Hosni Mubarak seems closer with the US compared to previous Egyptian President, Anwar Sadat. Under Mubarak, Egypt plays as a moderate country in the Middle East, and arguably follow to the US policy on regional issues.

The period between ends of 2010 to early 2011, Middle East region experienced political upheaval called as "Arab Spring" or also called "Jasmine Revolution". This movement aims to overthrow the authoritarian regime and replace it with a democratic system. This political upheaval began to emerge in Tunisia, followed by Algeria, Yemen, Bahrain, Libya and also Egypt. The main factor behind this movement was mostly triggered by repressive regime amid of economic difficulties among the people (Yasmine, 2015).

Egypt is one of the countries that cannot be separated from the Arab Spring. The revolution initiated by Muslim Brotherhood as one of the largest Islamic-based transnational political organizations in Egypt. The Hosni Mubarak leadership

finally was ousted following 18-days demonstration, specifically on February 11, 2011 (Setiawan, 2015). The impact of the large demonstration was that Egypt experienced a drastic decline in investment income from other countries and a significant decrease in tourist numbers, followed by a 60% decrease in foreign exchange reserves, and others (Kingsley, 2013).

The democracy system then stood after the fall of Hosni Mubarak in 2011. In May 2012, Egypt holds general election for two consecutive days on 23 and 24 May 2012. The presidential election is one of the most important milestones of political change in the country. The trend of people's political participation during presidential election was quite high, albeit the election conducted peacefully (BBC News, 2012).

From the election results of the first round of presidential elections in Egypt on 23-24 May 2012 no candidates gain a majority votes. The second presidential election in Egypt was finally held according to the planned schedule. Although the announcement of the election results had two times delayed and provoke people's anger, but the electoral process did not experience significant disturbances. Through the Chair of the General Election Commission, Farouq mentioned that the candidate from Freedom and Justice Party (FJP) Muhammad Mursi won the election with 13,280,131 votes or 52% of the total participating voters held on 16-17 June 2012.

Muhammad Mursi as the first Egypt president in the post-Mubarak rule faced a new challenge especially in the context of Egypt-US relations. The strong support of the Muslim Brotherhood behind President Mursi was able to influence the direction of Egypt's foreign policy to be more aggressive. Egypt's foreign policy tend to be a hard line against Israel and Western countries, especially the US, since Muhammad Mursi came from Muslim Brotherhood as one of the backlisted-organization under US government. The Muslim Brotherhood allegedly to implement Islamic law in Egypt which seen as threaten to the US and western interests in Middle East especially pertaining Israel and the Camp David agreements.

This has become a concern for the US against the new Egyptian government under Muhammad Mursi administration and his Muslim Brotherhood (BBC News, 2013).

The Obama administration had attempted to approach Muhammad Mursi concerning these issues. The US government also warned Mursi's government to stop development assistances by sending Hillary Clinton and US Defense Secretary Leon Panetta to Cairo to handle Egypt's political and security transition. The US diplomatic mission to Egypt also aimed to protect Mursi from the influence of Muslim Brotherhood. But the arrival of two US representatives did not produce significant results. At that time, the US did not consider Egypt as a friend or an enemy during Mursi's reign. This shows that the US remains implementing cautious foreign policy towards Egypt. The annual US foreign aid was still used as an effective negotiation tool with Egypt to maintain its relations (Sharp, 2014).

Nevertheless, in June 30 2013 there was a large demonstration which demanded Muhammad Mursi to step down from his position due to a controversial policy to revise constitution of Egypt which allegedly to give more authority to Muslim Brotherhood. This chaotic situation made military intervene to coup Muhammad Mursi. The massive demonstrations took place from 2011-2013 made the Egyptian economy terribly unstable which influenced to the people's poor condition of economic (Muhammad, 2013).

After the coup of Muhammad Mursi in 2013, Adly Mansour was appointed as interim President of Egypt (Tribun News, 2013). The relations between US and Egypt deteriorated due to a policy plan taken by Obama to cancel military training, arms sales, and economic and military assistance due to human rights violations in Egypt which conducted by the military. It needs to be stressed that Obama's actions were carried out not because of the coup against Mursi by the military, but the post-coup conditions in which there were acts of human rights violence which caused many civilians to die and be injured. According to the National Council for Human Rights (NCHR),

more than 2,500 civilians, including 1,250 members of the Muslim Brotherhood and security personnel were killed in June 2013 until the end of 2014 (Masriya, 2015). From July 2013 to May 2014, more than 41,000 civilians were detained, most of them is Mursi's supporter (Human Right Watch, 2015). Although President Obama did not recognize Mursi's affairs as a coup, but Obama continued to announce a freeze on military aid to Egypt. The US officially announced the suspension of US \$ 1.3 billion to the Egyptian military related to human rights violations after the coup. The large-scale military assistances to Egyptian government will temporarily be suspended for political reasons (BBC News, 2013).

President Obama said that “This morning we notified the Egyptian government that we are canceling our biannual joint military exercise, which was scheduled for next month (Global Security)”. “We deplore violence against civilians. We support universal rights essential to human dignity, including the right to peaceful protest,” he said in his first public remarks since the crackdown began (Steve Holland, 2013). The statement on Obama's policy stressed that although Egypt was one of the most important US alliances in the Middle East, it would not deter Obama's stance that upheld democracy and human right as the main pillar of the United States foreign policy (Dettmer, 2014).

United States continues to sanction Egypt in the form of cancellation of military training, on July 24, 2013 the US decided to postpone the shipment of four fighter jets F-16, October 2013 US also decided to suspend some military aid to Egypt related to human rights violations after the coup conducted by the military . In addition, the US has detained the delivery of several Apache helicopters, Harpoon missiles, M1-A1 tank parts, and F-16 fighter planes, as well as \$ 260 million in Egypt's general budget (Landler, 2013).

In 2014, Al-Sisi announced his withdrawal from his military position to run for the presidential election, until he finally won with 97% of the vote and was sworn as the sixth president of Egypt in June 8, 2014 (M.Sharp, 2018). In his

inaugural address, al-Sisi said he would improve Egypt after experienced chaos and violence in last recent years. Al-Sisi also said that he wants to push military take a role in the country's economic affairs. In his speech Sisi said, "I told them that challenges in Egypt are very, very, very tough. You have no choice but to put your hands in mine in rebuilding the Egyptian state". The statement revealed that he would to provide a role for military to improve Egyptian economy (Saleh, 2016). Since the elected of Al-Sisi as president from Egyptian military circles led the US to continue its strategic cooperation and foreign assistances.

B. Research Questions

Based on the above background, the research question for this research is: Why does US provides foreign aids to Egypt during Abdel Fattah al-Sisi administration?

C. Theoretical Framework

Foreign aid is one of the economic instruments commonly used by developed countries to achieve foreign policy goals. Assistance is usually in the form of money, goods or services from one country to another.

According to K.J Holsti, foreign aid program is mutually beneficial. The recipient receives assistance in the form of funds, equipment, or knowledge that is expected to be able to follow the dynamics of modern economics, political stability and military security. As for the giver or donor country, without taking into account the types of requirements, they always expect political and economic benefits either directly or in the long term, which usually cannot be fully obtained through diplomacy, propaganda or military policy (Holsti, 1989).

Assistance delivery process can be conducted bilaterally or multilaterally. In other words, the provision of foreign assistance can be done between government to government or through international financial institutions such as the IMF and World Bank. While the forms of foreign assistance according to Holsti are:

1. Technical assistance in the form of sending personnel with special qualifications from industrialized

- countries to developing countries, to provide advice to various projects with the intention of spreading knowledge and expertise.
2. Grants and programs for import of commodities in the form of direct prizes where economic repayment is not requested.
 3. Development loans in the form of commercial transactions with conditions for repayment and lower loan interest rates compared to commercial banking institutions.
 4. Emergency humanitarian assistance in the form of donations of funds and labor to help recipient countries that are experiencing disasters.

In many cases, economic instruments in a policy are used to change the behavior and attitudes of state targets both domestic and policy abroad with a clear goal. These economic instruments can be rewards and coercion. One of them is by providing certain grants or assistance, including military grants. When the recipient country's action is as expected by the donor country, the donor will give rewards in the form of continuous assistance or when the target action is not in accordance with what is expected by the donor country, the donor country will issue coercion such as stopping the aid in the hope the recipient country will consider its attitude again. In this way, donor countries can manipulate foreign aid for political purposes or other aspects to achieve the national interests of donor countries (Soeprapto, 1997).

Historically, most foreign aid has been provided as bilateral assistance directly from one country to another. Donors also provide assistance indirectly as multilateral assistance, where the resources come from several donors. Related to foreign policy which has the value of state interests, then one form of the policy can be expressed in the form of foreign assistance (Bank, 1998). According to Alan Rix, foreign assistance is more than just a concept or philosophy. This is about wealth and poverty, but this is a drama that involves people, money, technology, equipment, and politics and bureaucracy. The

purpose of donor assistance can change over time, but the existence of the aid program presupposes that not only the political and economic interests of donors, but also their social and cultural needs and values, are met. Alan Rix in his book *Japan's Foreign Aid Challenge: Policy Reform and Aid Leadership*, the provision of foreign assistance between donor countries and recipient countries is inseparable from the intentions and motives of the donor countries (Rix, 1993) . These motives include:

- a. Humanitarian motive is the motivation of the donor country to provide assistance to the recipient country with the aim of reducing poverty, because the recipient country experiencing economic collapse, natural disasters, and other economic problems that make a country's economy decline drastically. This motif explains that the provision of assistance is based on the humanitarian responsibility of rich nations to help poorer nations. The provision of foreign assistance is seen as the fulfillment of the obligations of developed countries to developing countries to solve poverty problems which are the main obstacles in the development through support for economic development. Foreign assistance is also seen as a form of charity and considering poor countries also have the right to enjoy resources freely. The provision of foreign assistance will eventually bring benefits to donor countries in the long term, due to the interdependence between developed and developing countries which causes economic cooperation to be inevitable.
- b. Political motive is the motivation of the donor country to provide assistance to other countries because of certain political reasons. In other words, there is another purpose of providing assistance that creates attachments or creates a condition for the recipient country in the future to do something as a reward to the donor country. Political motivation is based on the specific background of the state or the agency

providing assistance to countries that provide assistance on the basis of history and other considerations. Foreign aid is associated with the integrity of a regime with the intention that the parties support various government policies and are followed by identification of the magnitude of the dedication of the debtor country in the relationship and political relations with the creditor state. Political motives in foreign aid focus on the aim of enhancing the image of the donor country. The goal is to become an orientation of the provision of foreign aid both from domestic politics and donor foreign relations.

- c. National security motive is motivation of the donor country that providing foreign assistance has the assumption can increase economic growth which will encourage political stability and will benefit the interests of donor countries. In other words, the motive for security has an economic side. In general, this assistance relates to requests from donor countries to use aid grants or foreign loans provided with commodities or services from donor countries. Bilateral tied aid is usually the case with the existence of 'secret' agreements that cause certain consequences which make the recipient country forced to allocate grant or loan assistance to buy commodities or use services from a donor country.

Based on three motives above, it appears that in essence foreign aid is the assistance given to one countries by governments of other countries or international institutions in the form of economic, social and military assistance provided bilaterally or multilateral, the aim of which is to support the alliance, build the economy, gain ideological support, obtain strategic raw materials, humanity, and save the nation's life from the dangers of economic collapse or natural disasters.

In order to provide assistance to Egypt, US have two motives which are:

1. Humanitarian motive.

The impact of the large demonstration was that Egypt experienced a drastic decline in investment income from other countries and a significant decrease in tourist numbers, followed by a 60% decrease in foreign exchange reserves, and others (Kingsley, 2013). US provide assistance in Al-Sisi administration to stabilize the economy in Egypt which has decreased after the political crisis that took place in 2011 to 2013.

2. National security motive.

The United States continues to send aid in Al-Sisi administration to maintain the stability of the country and counter terrorism. Terrorist attacks will likely target Egypt's main sources of foreign income: tourism, the Suez Canal and foreign investment. For that reason, the military and security services must provide special protection for these sectors (Ignatius, The Washington Post, 2013). So, US continue its foreign cooperation and assistance to Egypt to maintain the Suez Canal which is known as the world's oil distribution channels where oil supplies from the Middle East are distributed to Europe and the US.

D. Hypothesis

The hypotheses of this thesis are United States continues to send assistances in the Abdel Fattah al-Sisi administration because of:

1. Humanitarian motive, to stabilize the economy in Egypt after the political crisis in 2011 to 2013.
2. National security motive, to maintain regional stability and counter terrorism agenda.

E. Research objectives and benefits

The main objective of this study is to understand the motives of US foreign aids to Egypt during Abdel Fattah al-Sisi administration.

The benefits of this study are:

1. To describe the form of US foreign aids to Egypt
2. To explain the US's motives in providing assistances to Egypt

F. Research Methods

Based on the sources, the method used by the researcher in this study is secondary data. By using data collection techniques in the form of Library Research which collects data from libraries, books, journals, articles, print media, electronic media, and websites that have been processed into classified data which are then compiled, summarized, analyzed and concluded according to the thesis problem researched.

Secondary data is very useful to clarify problems and become more operational in research because it is based on data that is available, we can know the components of the environmental situation that surrounds it. This will be easier for researchers to understand the issues to be examined, especially to get a better understanding of experiences that are similar to the issues to be examined. The advantage of this method is the time and cost required for research to classify problems and evaluate data, is relatively less. Since other people have already collected data, so researchers do not need to devote financial resources to data collection (Smith, 2008). Secondary data analysis provides many opportunities for furthering research through re-analysis and re-interpretation of existing research. So that, it provides researchers with more opportunities to test new ideas, theories, frameworks, and models of research design (Melissa P. Johnston, 2013).

G. Scope of Research

In this thesis, the author limits the scope and time period in order to make this research more focus and details. In accordance with the title, the focus of this research is on the motives of the US foreign aids to Egypt in the Era of Abdel Fattah al-Sisi. The review in this study was carried out from 2014 to 2016. When Abdul Fattah Al Sisi served as president after Muhammad Mursi's coup in 2014, President Obama continues to improve his relations with Egypt by assist President Sisi in the field of security and economics amid of Egypt's unstable political challenges. US continued to provide economic assistances in the form of funds to Egypt to stabilize the national economy as well as to protect US interests in the

Middle East. In addition, to provide funds to build the Egyptian economy, the aids fund was aimed for the development of democracy in Egypt. Until 2016 foreign aids continued to flow in Egypt under Obama administration.

H. Systematic Research

This thesis is divided into five chapters as follows:

Chapter I is an introduction that consist of background, research question, theoretical framework, hypothesis, research objectives, research methodology, scope of research, and systematic research.

Chapter II, this chapter consist of US-Egypt bilateral relations development from Gamal Abdel Naseer, Anwar Sudat, and Husni Mubarak administrations. United States-Egypt relations under Gamel Abdeel Naseer's government were very tenuous because Gamel preferred to cooperate with the Soviet Union rather than the United States. However, during the reign of Anwar Sadat, US-Egypt relations experienced an increase marked by the existence of the Camp David peace agreement with Israel which was the main US ally in the Middle East. After the assassination of Anwar Sadat by an Islamic fundamentalist military officer, finally Husni Mubarak as Vice President of Anwar Sadat rose as President in Egypt. When you shop power, there is a significant increase in United States to provide special capabilities and expertise to Egypt for regional stability and the issue of terrorism.

Chapter III is discussing the dynamic of United States foreign aids to Egypt. This chapter explains the beginning of United States foreign Aids to Egypt in Anwar Sadat era, the provision of US foreign Aids during Husni Mubarak and Muhammad Mursi administration. After the coup of Muhammad Mursi in 2013, Adly Mansour was appointed as interim President of Egypt which led to US suspension its assistances to Egypt because of human rights violations that occurred in Egypt. Then, in 2014 under Abdel Fattah Al-Sisi

administration United States continue annual aid of \$ 1.3 billion to Egypt.

Chapter IV is about an analysis of the motivations of United States in order to provide foreign aids to Egypt during Abdel Fattah Al-Sisi administration which consist of two motives namely humanitarian motives and national security motives.

Chapter V is conclusions. In this chapter the author provides the conclusion from the analysis of this research.