Dynamics Without Drama: New Options and Old Compromises in Egypt’s Foreign Policy

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Abstract Western policymakers have come to take Egypt's foreign policy orientation for granted in recent decades. After President Anwar Sadat’s dramatic split from the Soviet bloc and embrace of peace with Israel in the 1970s, Egypt became a reliable but rarely exciting diplomatic partner. Little appreciated has been the centrality of foreign policy to Egypt’s internal interests as well as its external ones, and the extent to which changes in either the domestic or international environment could trigger the Egyptians to reassess their stance. The present article examines the interests that Egyptian foreign policy serves, and it analyses factors that could prompt a future Egyptian government to adopt different policies in order to serve those interests more effectively.

Egyptian foreign policy sometimes seems like an aging movie star. In the mid-1970s, reporters flocked to Cairo. They chronicled Egypt’s shift away from Soviet bloc, Arab socialism and warfare, and toward the United States, economic opening, and peace.

As part of his foreign policy strategy, President Anwar Sadat met with numerous journalists and world leaders. After his November 1977 trip to Jerusalem, he reached the pinnacle of global celebrity. Sadat’s picture flooded the airwaves and appeared countless times in print, and his reputation stretched even to remote parts of the world. Following Sadat’s death in 1981, scholars pored over his diplomatic decisions, seeking to understand the impetus behind his strategic reorientation and its implications for other states. Under Sadat’s leadership, Egyptian foreign policy was no longer a mere case study for Arab politics. As a key state that had switched sides in the Cold War, Egypt had become a country of global strategic significance.

In the 1990s and beyond, however, Egyptian foreign policy has received little academic attention and even less respect. In the minds of many, Egypt moved from being a bold innovator to a stagnant backwater. Egyptian diplomats seemed to be present at most of the major diplomatic events of the 1990s in the Middle East, but they rarely seemed to drive them. World leaders attended summits in Egypt—especially in the Sinai resort town of Sharm al-Sheikh—but the main actors were not Egyptians; instead, they were Israelis, Palestinians, Americans, and others. Egypt had already made its peace.

Still, the country often demanded to be noticed. Egyptian newspapers and television stations loudly proclaimed the country’s centrality to the Middle East,

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and Egyptian diplomats quietly complained that the country’s influence was never appreciated and its advice rarely heeded. To an outside observer, and perhaps even to Egyptians themselves, the world increasingly seemed to be passing Egypt by.

The present article seeks to redress some of that neglect by examining the drivers of Egyptian foreign policy in the last two decades. Equally importantly, this article seeks to draw from the resultant understanding to evaluate the possible circumstances under which Egyptian foreign policy orientation might change in the future. Western governments—and Egypt’s neighbours—have come to rely on the stability of Egypt’s orientation for their own strategies. From Arab–Israeli peace issues to counter-terrorism to military readiness, any shift in Egyptian policy would force those nations to rethink many aspects of their own policies in the Middle East.

For almost a quarter century now, Egypt’s government has largely sought to manage its relations with the outside world rather than create new realities. In so doing, Egypt departed from a 30-year history in which its leaders actively sought to shape their international environment. Egypt has become a status quo power, and in so doing it has given up some of its freedom of action.

The sustainability of this approach, and the alternatives to it, has rarely been considered, but it needs to be. With a regional picture in flux and an almost certain leadership transition in Egypt in the next six years, Egypt’s leaders will need to revisit the fundamental choices they have made about their foreign policy orientation. The outcome of those decisions is as important as it is uncertain.

The Two Faces of Egypt’s Arabism

The academic study of international relations has produced many theoretical works purporting to describe the drivers of states’ strategic policies. Overwhelmingly, those studies concentrate either on the decisions of great powers, or on fundamental shifts in the reorientation of regional powers.1 Outside its strategic reorientation in the 1970s, Egypt does not garner attention in this literature.2 Consequently, when international relations theorists do look at Egypt, they almost exclusively view Egyptian foreign policy as part of a ‘system’ of Arab foreign policy.3 Such an orientation leads to two distortions.

First, such an explanation tends to stress the overarching Western interest in Arab foreign policy—namely, peace with Israel—rather than to understand Egyptian foreign policy on its own terms and in its own context. Yet, in the Egyptian context, peace with Israel is not merely a goal in and of itself, but also a means to achieve other vital objectives. In fact, the indirect benefits of Egypt’s peace with Israel—not only in terms of tangible economic and military assistance, but also more intangibly in terms of diplomatic prominence, intelligence strengthening, technology transfer, and other areas—far outweigh the direct benefits (Hadar 2001; Levi 1995). Scholars tend to consider the orientation with Israel overly narrowly, thereby systematically ignoring some of the most important drivers of Egyptian policy (Fishman 2004).

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1 Two examples are Waltz (1979) and Gilpin (1981).
2 For example, Telhami (1990).
3 See, for example, Walt (1987).
Second, many existing explanations of Egyptian foreign policy view it through a static pan-Arab prism. Without wading deeply into the debates of international relations theorists, Michael Barnett’s notion of ‘dialogues’ in Arab politics seems an especially useful corrective here. Barnett concedes the realist considerations in Arab states’ foreign policies, but also emphasises the importance of states’ ongoing efforts to shape the norms of intra-Arab relations. In this reading, ‘Arabs’ collective interests’ are not self-evident, nor is the import of the notion of Arabness. Arabness thus is both endlessly negotiated and a tool states use to pursue their own domestic and regional interests. Properly viewed, then, ‘Arabism’ ceases to be a principal explanatory variable, and instead emerges as one of many targets of state action (Barnett 1998).

The importance of this premise is vital to understanding Egyptian foreign policy, because the dialectic between Egypt’s identity as a leading Arab state and its identity as an independent state in its own right is such a rich lode in Egypt’s modern history. Egypt has dominated the Arab League since its founding, and Gamal Abdel Nasser’s charismatic leadership shaped coups and revolutions throughout the Arab world in the 1950s and 1960s. As Fouad Ajami noted, ‘Egyptians have generally taken for granted their pre-eminence in the Arab system’ (Ajami 1979, 4). More recently, Egypt has played a persistent role leading the Arab world toward peace with Israel, and Egyptian support gave vital Arab cover for coalition military action against Iraq in 1991. As talk in Western capitals and in the Arab world turns increasingly toward issues of political reform, few doubt the importance of Egypt as a bellwether of whether Arab reform is real or merely cosmetic.

Yet for all of its Arabness, Egypt’s foreign policy has often represented the interests of the state or of the nation more than some inchoate ‘Arab’ desire. The most well-known example was when Egypt’s peace with Israel in 1979 caused its expulsion from the Arab League for a decade. Yet, Egypt has pursued its own interests for years.4 Egypt’s own national interests clearly drive its relationship with the United States, and Egypt more often exploits its role as a bridge to the Arab world to enhance the country’s value to the United States rather than to serve its Arab brethren (Cook 2000; Council on Foreign Relations 2002). Egypt still sees its relations with Israel through an Egyptian prism. Even longstanding policies are sometimes swept away for *raison d’être*. One such example is the sudden push in early 2005—after a decade of studied disinterest—to establish Qualifying Industrial Zones. The manufactured products of such zones enjoy tariff-free entry to the United States, provided they include minimum percentages of Egyptian and Israeli content. While Egyptian diplomats and politicians had long turned up their nose at such clear symbols of normalised relations with Israel, the threat of the World Trade Organisation (WTO) multi-fibre agreement to the Egyptian textile industry garnered sharp interest in the months before that agreement came into effect.5

Critics sometimes view Egypt’s Arabism cynically, arguing that it is a mere excuse for policies Egypt would otherwise pursue for its own interests. It is more than that, however. In many cases, Egypt appears to view its Arabism as a resource to be tapped. Thus, both Western nations seeking to make inroads with Arab partners, and Arab states wishing to shore up an Arab coalition come

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4 See, for example, Dessouki (1984, 119–46).
5 The decision to establish the Qualifying Industrial Zones was also an admission that a US–Egyptian Free Trade Agreement was unlikely in the near term, and the agreement provided the only avenue for duty-free access to US markets.
knocking on Egypt’s door. As Fawaz Gerges observed in 1995, ‘Egypt holds the key to the Arab world’ (Gerges 1995, 78).

For all of its efforts to be wooed, Egypt is not unaligned in the geopolitical sense. It has cast its lot with the United States. Yet, when one is in Egypt, it often feels like the United States is not only Egypt’s chief patron, but also its chief antagonist. Beyond the sometimes shrill domestic press, there is a current in the Egyptian political leadership that is hostile to falling too closely in line with the United States. Egypt is enough in play to merit attention, and significant enough that it cannot be ignored. It is this tension, and the wide desirability of alliance with the Egyptians, that remains the country’s greatest diplomatic asset.

Foreign Policy as Domestic Policy

Few observers, be they Egyptian or non-Egyptian, recognise the extent to which Egypt’s foreign policy has been a boon to the Egyptian government over the last half century. Gamal Abdel Nasser’s great innovation of the 1950s was to understand the ways in which the Egyptian government could use its foreign policy to support its domestic policy. International aid (first from Germany, the United States, and the World Bank, and later from the Soviet Union) helped build the High Dam at Aswan, sharply increasing the amount of land under perennial irrigation. In the 1960s, Egypt managed to obtain food aid from the United States at the same that it received military and economic aid from the Soviet Union. Having secured the evacuation of British troops in 1956, Egypt capitalised on its strategic location—between continents, astride the Suez Canal, and alongside Israel—and its political orientation as a leader of the Nonaligned Movement, to make itself a prize that was never completely won, but always worth trying to win. By never fully joining the Eastern Bloc or the West, Egypt managed to attract substantial resources from each.

Anwar Sadat changed that. Despite a three-decade record as a polemicist who incessantly railed against corrupt monarchies and the West, he sang a different tune upon assuming power. His turn away from republican revolutionary rhetoric and his front-line status vis-à-vis Israel brought him more than US$5 billion in bilateral economic aid from the oil-rich sheikhdoms of the Persian Gulf between 1973 and 1976 (Jabber 1982, 428). His reorientation toward the United States in the 1970s won him tens of billions more dollars from the US. With that money, the Egyptian government built bridges and flyovers in Cairo, boosted electricity

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6 President George H.W. Bush was careful to solicit Egyptian support for Operations Desert Shield and Desert Storm in 1990–91, and the US was quick to swing Egyptian support behind the Middle East/North Africa Economic Summits in the mid-1990s which were part of Arab–Israeli peace efforts. Egypt has long been a key player in Arab regional politics (although far from the only one), especially vis-à-vis the outside world. For example, Egypt has spearheaded Arab efforts to make the Middle East a region free from weapons of mass destruction.

7 See, for example, Malin (1995). It can be usefully contrasted with the policies outlined in Doran (2002).

8 The first of his three autobiographies, Ya Waladi, Hadha ‘Ammuka Gamal (My Son, This Is Your Uncle Gamal) (1958) is a fine example of his early anti-Americanism.
generation by almost half and expanded its electrical grid into rural areas, built modern sanitation systems in the major cities, and modernised its military.

Whatever the thinking behind Sadat’s reorientation, there is no arguing the massive benefits it provided for the Egyptian state. The move appeared all the more prescient in the late 1980s, after other Arab states began their own cautious rapprochement with Israel (or, at least, with the idea of an Israeli state), and the ostracism that Egypt had experienced after the Camp David Accords diminished. Egyptian foreign policy is not completely mercenary, however. It has complex goals, which for the most part it has served quite well. Those goals include:

1. **Protecting the national borders.** The greatest external military threat to Egypt remains Israel, the only country neighbouring Egypt that could potentially overwhelm its army. Since 1979, the notion of a war with Israel has quite firmly been taken off the table. Indeed, anecdotal evidence suggests that support for a peace treaty with Israel is greater in the officer corps than in the Egyptian population at large.9

2. **Protecting the state itself.** Egypt has long had a range of internal opposition groups, and many enjoy at least some external support. International cooperation on counter-terrorism—which Egypt does partly in its own interest, and partly as a service to its allies—remains a vital part of state strategy, and even more so since the events of September 11, 2001. In addition, Egypt’s diplomats work assiduously to diminish funding for radical groups within its borders.

3. **Boosting trade and the national economy.** Peace with Israel slashed Arab trade, but helped whet US and European interest in establishing new markets for Egyptian goods. Today, Europe is Egypt’s largest trading partner, and Egyptian produce has found ready markets there, while Egyptian long-staple cotton continues to command a premium on world markets. More recently, the Egyptian gas infrastructure has expanded, and the country plans to export to neighbouring countries, Europe, and even the United States (Al-Ahram Weekly, 24–30 March 2005).

4. **Attracting foreign assistance.** The Egyptian government receives approximately US$1.12 billion per year in foreign economic assistance from the United States, individual European governments, the European Union, Japan, China, Arab States, and elsewhere, and a similar amount of military aid (mostly from the United States).10 While this aid must be spread over a population of approximately 70 million, it represents a significant portion of the national income, and is generally the third-highest source of foreign exchange, following expatriate remittances and tourist receipts.11

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9 See, for example, Fakhr (1998).
11 <http://www.imf.org/external/pubs/ft/weo/2005/01/index.htm>. All numbers jump a fair bit from year to year. For tourism, see American Chamber of Commerce in Egypt (2005, p. iii). See also, Foreign and Commonwealth Office (2003) and *Economist* (2002). In 2003, Suez Canal tolls were anomalously high due to the movement of military ships to Iraq, reaching US$2.57 billion (Luxner 2004); by contrast, see BBC News (2002).
5. **Boosting the government’s political position at home.** Egyptians continue to perceive their country as a regional (and global) powerhouse and that enhances the government’s power at home. Arab League Secretary General Amre Moussa remains a popular political figure in Egypt, and was even singled out for praise in populist rapper Sha’aban Abdel Rahim’s 2001 song ‘I Hate Israel’. Yet, domestic considerations can be as much a curb on Egyptian government policy as a spur to it. A foreign policy more favourable to Israeli concerns might draw more foreign aid, but it also stands to antagonise some portion of the Egyptian public antagonistic to ‘selling out’.

### The Compromise of Playing Both Ends to the Middle

While none of these characteristics is specific to Egyptian foreign policy, what is unique is the intricate interplay between them. Gamal Abdel Nasser articulated Egypt’s position in the early 1950s when he talked about the country’s three circles of overlapping identities: Arab, African, and Islamic. This was expanded by Amre Moussa when, as Foreign Minister, he suggested a fourth circle, the Mediterranean. In fact, there is no ‘natural’ position for Egypt’s policy to occupy, or a default orientation for Egypt to assume. Instead, Egypt’s government navigates between all of the above factors—what Ray Hinnebusch has called ‘a constant “omni-balancing” between external constraints and threats and domestic needs and demands’ (Hinnebusch 2002, 97).

Since the 1970s, Egypt’s position has been consistent. Sadat garnered almost unimaginable rewards for turning his back on Soviet support. Since that time, Egypt has drawn more than US$60 billion in direct US assistance alone. While the peace with Israel has never been as warm as Israelis would like, it has never been seriously in question either. Despite sometimes worrying escalations in anti-Israeli (and often anti-Semitic) rhetoric in Egypt (Gerges 1995, 73–74), the Egyptian government’s commitment to its agreements has remained firm.

One of the great achievements of President Husni Mubarak, meanwhile, has been to work Egypt back into the Arab mainstream. Indeed, that mainstream has increasingly come to reflect the principles Egypt articulated in the 1970s: some recognition of Israel, limited liberalisation of the political system, modified capitalism in the economic sector, and security guarantees from the United States. Egypt gained disproportionate rewards for being the ‘early adopter’ of a strategic reorientation in the Arab world, and the vital position it occupies inhibits the United States government from taking any action that might provoke a reorientation in Egyptian policy.

If Egypt had a defining strategic moment in the last 25 years, it was the country’s position in the 1991 Gulf War. President George H.W. Bush quite visibly consulted President Mubarak, who not only offered political and military support for US policy, but also helped pave the way for a remarkably broad coalition of countries to repel the Iraqi invasion. In this way, Egypt briefly assumed a role as part of a regional vanguard, and it garnered significant rewards for doing so—not only direct assistance, but also US$15 billion in debt relief from the United States and other creditors (*The Economist*, 10 March 2005).
Yet, as the mainstream in the Arab world has moved in the direction Egypt articulated, Egypt’s centrality to Western policy has diminished, at least in some respects (Ross 2004). Most importantly, Egypt is no longer the unique and vital bridge to the Arab world. In particular, countries like Jordan, Morocco, and Qatar have taken on the role Egypt had played in the 1950s, 1960s, and 1970s as a regional trailblazer. While none of these countries enjoys the weight of Egypt, they use that to their advantage, often moving more nimbly than the Egyptians are able to, and outwardly adopting a can-do attitude that makes a favourable impact on donor countries. In addition, these countries do not labour under the need to justify a multi-billion dollar a year American aid package, a condition that too often leaves the Egyptians feeling like they have done too much for the Americans, and the Americans feeling like the Egyptians have done too little.

A sharp decline in Arab–Israeli peacemaking activity in light of the second Palestinian intifada has further undermined Egypt’s centrality. While the Egyptian government has played an important and ongoing tactical role facilitating dialogue between Palestinian factions and aiding the Palestinian security services, few outside Egypt see the country’s support as the linchpin of successful peacemaking. Yet, with the hint of progress in Palestinian–Israeli talks in the spring of 2005, Egypt has sprung into activity. In the current Israeli preparations for withdrawal from the Gaza Strip, for example, the Egyptians have worked to enhance border security between Egypt and Gaza, and have been trying to strengthen Palestinians’ ability to maintain security after Israeli troops depart. The Egyptians would like the United States to consider them as vital a partner in the process as it does the Israelis, not merely out of neighbourliness or because of their own security needs, but instead to make themselves central to the achievement of US goals in the Middle East.

As religiously inspired terrorism has become a growing concern in Muslim countries, Egypt also sought further to deepen its ties with the West. The state’s long-running battle with its own internal extremist opposition movements gave Egypt information, intelligence assets, and expertise that has proven of rising value to countries that now find themselves in the terrorists’ crosshairs. Egypt’s help is reportedly vital in the surveillance, infiltration, and imprisonment of hundreds of Islamically inspired radicals across the Middle East. In addition, Egypt has made itself a convenient ally for many in the United States intelligence community, because prisoners under its control do not enjoy the same rights as US prisoners. Persistent reports indicate that Egypt holds many prisoners without change and sometimes in inhumane conditions. Yet the same absence of protection that makes Egypt so important to many in the US government undermines broader popular support for the relationship, as human rights activists attack Egypt for arbitrary imprisonment and torture (Grey 2005).

Yet, for all of its efforts to build bilateral relations with Western countries in the 1990s and beyond, Egypt has seemed to be reacting to outside pressures rather than taking the initiative and setting the agenda. Perhaps the pause is due in part to fatigue, and in part to the realisation that a determination to innovate led to some disastrously poor choices in the previous three decades. With the pause have come signs of growing Arab resentment of Egypt’s presumptions of primacy, signified recently by an Algerian effort to rotate the chairmanship of the Arab League between states and end the Egyptian monopoly over that position. Arabs increasingly characterise Egypt as a poor country that has turned mercenary out of necessity. As cosmopolitan elites become more common throughout the Middle
East, and as Egypt grows more provincial under the surging inflow of rural populations to the cities, Egypt’s comparative advantage over its neighbours is diminished, even in periods when the country’s overall strength is increasing.

**Options Facing Egypt Today**

Egypt remains a powerful force in the Arab world, however, and the permanence of Egypt’s orientation should not be taken for granted. If the environment were to shift—either domestically or internationally—Egypt’s rulers may seek to recalibrate their orientation in a way that would better serve their interests. Such a change would more likely be one of degree than of direction, yet it would necessitate compensating measures across a wide range of areas.

More radically, a new kind of government in Egypt could try to construct a different sort of balance serving different constituencies. The consequences of such an orientation would be significant, and we will consider the possible impetuses in turn.

1. **A change in the domestic environment.** Egypt’s government is far more favourable to the United States and to Israel than popular sentiment would support. There is ample anecdotal evidence that the government censors attacks on the Egyptian–Israeli peace, and anti-American diatribes are modulated so as to occur within acceptable bounds. The Egyptian government has ample tools of coercion at its disposal, and it unquestionably uses them to reinforce the country’s political orientation toward the United States. Were a strategic decision to be taken to move toward more authoritarian governance for the sake of protecting the regime, a distancing from the United States could be the result. This could take place as a backlash against stepped-up US criticism of Egypt’s government. President Bush’s November 2003 statement that ‘Sixty years of Western nations excusing and accommodating the lack of freedom in the Middle East did nothing to make us safe—because in the long run, stability cannot be purchased at the expense of liberty’ (Bush 2003) sent ripples through Egypt, and it has done so each time the President and his administration have repeated the formulation. The idea is especially unsettling because Mubarak’s government has long nurtured the idea of continuity as one of its key assets, and the ruling National Democratic Party’s mantra projects itself as a guarantor of stability in the country.

a. Were the government to believe that it faced a choice between losing control over the internal situation and preserving its pro-U.S. stance of more than three decades, it would likely take whatever steps it considered necessary internally in the near term and plan on rebuilding the bilateral relationship with the United States in the longer term, perhaps along similar lines to Jordan during the 1991 Gulf War.13

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12 It is worth recalling that the popular 2001 song by Egyptian singer Shaaban Abdel Rahim, ‘I Hate Israel’, contains the lyrics, ‘I hate Israel and I’ll say so if you ask/Even if it gets me killed or sent to jail.’

13 King Hussein of Jordan successfully used this strategy during the 1991 Iraq war. Given a choice between supporting the United States and antagonising the overwhelming bulk of his population, he retained a relative coolness to the United States in the run-up to, execution of, and immediate aftermath of the war. Subsequently, he assiduously rebuilt his relationship with the United States. His son has grown the annual US support for the tiny country to almost US$1 billion a year.
b. Ironically, the opposite could also cause a cooling in US ties. If Egypt were to turn toward more democratic governance, the populace would almost certainly clamour for distancing the relationship with the United States. A June 2004 Zogby International poll found that only 2% of Egyptians surveyed had a favourable view of the United States, versus 98% with an unfavourable view (Zogby 2004). Democratic Peace theorists might argue that anti-Americanism would swiftly fade, since a more democratic Egypt would be more moderate, more placid, and more favourably disposed toward a fellow democracy. However, given the depth of Egyptians’ disenchantment with a range of aspects of US policy—from support for the current government and the Gulf monarchies, to policies toward Palestinians and Iraqis, and toward Muslim communities more broadly—that softening surely would not come instantly, if it came at all.

c. A less skilful leader than Mubarak might also, and perhaps unwittingly, cool ties, if he were unable to manage and sustain the requisite coalitions behind the US–Egyptian relationship. The military and the security services are vital parts of that coalition, but neither by itself is a sufficient lobby or power to hold the two sides together. A leadership less effective at maintaining the unflinching loyalty of those forces could attempt to square the circle by revisiting the country’s external orientation. If the internal costs of supporting the US relationship were to rise without a commensurate increase in benefits (or, conversely, if the level of benefits from the current orientation were to diminish significantly), this problem would be compounded.

2. A shift in the regional environment. In particular, if the benefits of hewing to an Arab line were to increase (or if there were increased domestic costs of eschewing the Arab line), Egypt’s leadership might drift toward a more uncertain partnership with the US and its allies. It is not hard to imagine the circumstances: a sharp up-tick in Arab–Israeli violence; a further increase in the notion that the United States (or the West more broadly) was engaged in a ‘battle with Islam’; or the growth of a radical pole in the region emanating from a state or non-state actor; among others. A lurch toward radicalism in Saudi Arabia, for example, could result in the expulsion of Egyptian workers and send the Egyptian economy into a tailspin; the rise of an anti-Western polemicist with strong regional appeal could have a similar effect. What would distinguish a destabilising set of events in this context would be their suddenness as well as their magnitude. Changes that come slowly give governments time to react. What is especially significant about this variant is that it has little to do with events directly within the Egyptian government’s sphere of influence.

It is worth noting that external stimuli need not always have a negative effect. Improvement in the Arab–Israeli arena, for example, could decrease the costs to Egyptian governments of hewing closely to an American line, and it could broaden the constituencies seeking closer ties with Israel. In evaluating future trends, however, two factors must be acknowledged. First, the potential

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14 This possibility was raised more than twenty years ago in Kerr (1982, 469–70). Even though it has failed to materialise in that time, consideration of the scenario is still worthwhile.
range of even more pro-Western behaviour by the Egyptian government is distinctly more limited than the range for more anti-Western behaviour. Second, the further external rewards for pursuing enhanced cooperation is sharply limited as well because of the remarkably high levels of Western aid that already flow to the country.\footnote{It is worth noting that a more pro-Western orientation could attract far more resources from Western investors than from their governments. Yet much of that would depend more on the business environment than the strategic reorientation of the country, and an improved business environment with a different strategic orientation could be especially attractive to Arab capital.}

3. \textit{The rise of a new patron.} It is unlikely that any single state could take the place of the United States in Egypt’s present calculus, and even a shift toward Europe as the locus of its largest trading revenues would likely maintain Egyptian policy along relatively similar lines to those currently sought by the United States.

a. It is conceivable but unlikely that an Arab coalition could arise to pick off Egypt—unlikely because of the current strategic orientation of every potential member of such a coalition, which is to bandwagon with the United States as a way of winning security. But if such states were to pull away from support for the United States, and to rely no longer on US support, Egypt would be a valuable member of their independent coalition—a situation conceivable, for example, if Iraq were to descend into chaos, or if the Arab-Israeli situation were to deteriorate over the next few years.

b. Were a new external player to seek influence in the region, Egypt could be an attractive prize. Plying the country away from its pro-US moorings would be a powerful symbol of regional influence, and the strategic benefits that Egypt enjoys—controlling the Suez Canal, and offering attractive forward basing for operations in West Asia, Southern Europe, and Africa—would be a strategic asset. China is the only country that seems likely to have any interest in such an outcome, and even that would depend on a number of contingencies that appear unlikely at this time.

4. \textit{The decline of traditional patrons.} In the current environment, the United States may de-emphasise its ties with Egypt, either by choice or as part of a broader strategy to pursue regional strategic goals such as democratisation. This possibility would be especially real in the wake of a comprehensive Arab–Israeli peace agreement that did not rely on constant Egyptian support, or if Egyptian–Israeli ties advanced to the point where external support was no longer required to nurture them. In this turn of events, US strategists would no longer see Egypt’s friendship as a strategic necessity, and instead would view it as merely a tactical advantage (Kadry 2004).

5. \textit{An Egyptian decision to diversify close strategic ties.} As suggested above, one of President Mubarak’s great achievements is leading Egypt into a broader framework of Arab relationships and alliances. Greater orientation toward playing a role in Mediterranean security is one option that offers real opportunity for ‘rebalancing’. Here Egypt has begun to establish a leadership position in a region it has heretofore not been heavily involved in (Gad 2003). Still, Egypt’s partnership with the United States far outweighs its other relationships, due to the remarkably close ties the two countries enjoy in terms
of military and economic assistance, counter-terrorism cooperation, and regional diplomacy. Egypt’s leaders could, however, decide to alter the mix of alliances, turning toward another camp while not turning their back on the United States.

Conclusion

Egyptian foreign policy is not now at a crossroads, although it may soon arrive at one. The country’s three decade-long orientation toward the United States has lost any passion it may have once had, and the energy in the relationship seems to be diminishing. In addition, the aid relationship appears to have created a climate of entitlement and resentment among Egyptians and Americans alike. Writing in another context, Ajami notes that ‘Weariness has a way of rewriting history, as the emotions and interests that led to the fight are forgotten and the fights come to be seen in hindsight as selfless sacrifices for others’ dreams and in defense of others’ interests’ (Ajami 1979, 4). On the popular level, and among politicians and pundits, each side charges that it derives far less from the relationship than it devotes to it. The constituencies supporting the relationship—located most deeply in the military and intelligence communities in both countries, and increasingly so since the events of September 11—remain remarkably, and precariously, narrow.

Looking forward, the forces buffeting the relationship appear unlikely to diminish. Palestinian–Israeli peace, should it occur, will represent a process rather than an event. Negotiations will intensify rather than end, and complaints about US bias are unlikely to diminish. So too, the US presence in Iraq is almost certain to linger, and to inflame. Should the US-led push for democratisation in the Arab world continue, Arab governments may respond by whipping up patriotic sentiment. If current governments are overthrown or even eased out of office, the United States is far more likely to reap animus than gratitude in the near term.

In addition, US leaders appear increasingly uncomfortable defending the present aid relationship to Egypt. Part of the problem comes down to size: with more than US$2 billion in aid flowing to Egypt on an annual basis, additional programmes like the roughly US$100 million devoted each year to the Middle East Partnership Initiative seem like cynical lip service rather than a serious endeavour. Those looking to finance further activities in the Middle East—from democratisation of old friends to the wooing of new ones—are likely to see the Egyptian budget as an attractive pool of resources to be tapped. Egypt also faces US domestic coalitions that object to aspects of Egyptian policy on issues like the peace process, human rights and democratisation, and religious freedom, and polls indicate it has a relatively narrow collection of advocates in the US. According to a 2002 survey by the Chicago Council on Foreign Relations, feelings toward Egypt among Americans surveyed were slightly more negative than positive (45 degrees on a 100-degree scale, with 50 being neutral), on a par with Turkey, well above Saudi Arabia, and lagging behind Israel, Western Europe, and Canada (Worldviews 2002, 51).

Egypt’s leaders now seem intrigued by the idea that economics can help shape the country’s relations with the outside world. A new team of technocrats moved into prominent Cabinet positions in the summer of 2004,
and they tirelessly promote the country as an attractive investment. In 2004–2005, a flubbed currency float has been salvaged, and there are increasing signs that a looming banking crisis may be averted. All of this not only helps Egypt’s local business community, but helps create communities of overseas investors who seek to nurture their home countries’ bilateral relations with Egypt.

Whether this strategy will work is open to question. Egypt still lags far behind many of its peers in attracting direct foreign investment. The reasons vary, from exchange risk to a cumbersome regulatory environment to unpredictability on the part of government bureaucrats. Also, a deep sense that politics and economics remain deeply intertwined (as they are in other Middle East states) undermines the business confidence of outsiders. Untangling the two would withdraw one of the regime’s key tools of political regulation—the ability to reward and to punish—and hence could threaten the regime’s survival. Failing to attract foreign investment would leave the economy stagnant, threatening the regime from the other direction.

The government of Egypt, then, finds itself walking an uncertain path. President Sadat made a bold choice in going to war with Israel in 1973, and another in making peace in 1979. In his 25-year rule, President Mubarak has often preferred diplomatic management over drama. That management, however, has meant that Egypt’s environment has increasingly defined the country’s available choices, and the range of real opportunities seems to be narrowing.

As Egypt almost certainly looks to a leadership change within the next decade, the nation will have an opportunity to re-evaluate, and perhaps rebalance, its relations with the outside world. Egypt has a far wider array of options than is commonly admitted, and it must manage an unusually rich range of constraints and opportunities. Egypt’s choices will be important not only for Egypt, but for the rest of world as well.

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