

MIDDLE EAST NOTES AND COMMENT

Egypt Five Years On

by Jon B. Alterman

Five years ago today, President Hosni Mubarak of Egypt resigned, heralding a new era for Egypt and the region and seemingly foreshadowing the end of Arab autocracies. Looking around the region, the new era looks even worse than the old one. Arab autocrats are back in force, and civil wars rage in many places where they have fallen. It is hard to feel much nostalgia for the theatrical sycophancy that surrounded Muammar el-Qaddafi, and Saddam Hussein's systematic brutality still seems like a nightmare. Yet, it is hard to imagine when Syria will ever resemble a normal state again, when the bloody rivalries in Libya will subside, or when those conflicts (and others) will cease to bleed into neighboring states.

Amidst the chaos, it is tempting to suggest that Egypt is something of a bright spot, having rediscovered its center. After all, a general in a suit once again sits in the presidential palace. Egypt's peace with Israel is once again assured. Egypt has once again had parliamentary elections, although the parliament's power remains uncertain. It is true that the security services have been emboldened, rounding up thousands of Islamists (and hundreds of liberals). It is true, too, that young people sometimes vanish into police custody, and some never emerge. It is ugly, but one could argue that this all was the norm for decades under America's ally Hosni Mubarak.

Yet, it is premature to judge that Egypt's worst times are behind it, and far from clear that the government's current strategy will produce stability. The stakes for Egypt, for the Middle East, and for the United States are consequential, and the decisions ahead deserve more attention than they have gotten.

It is hard to forget the joy that poured out of Tahrir Square five years ago. At that moment, the nation of Egypt was bigger than its government. The people had brought the government to its knees, and citizens were about to engage in the fundamentally creative act of shaping a new government that not only met their needs, but also served their aspirations.

To hear current officials tell it, the citizens bungled the job. They brought in the Muslim Brotherhood, or at least let it be foisted on them. The army needed to
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Fodder for Debate

In the desert about 50 miles southeast of Riyadh, Almarai Company operates six dairy mega-farms that together cover more land than Manhattan. Business is booming, with 170,000 cows producing over a billion liters of milk per year, much of it exported around the Middle East. Almarai's farms are no local operation. The food to feed the cattle comes from all over the world.

Things were very different when Almarai put its first 300 cows out to pasture in 1977. With newfound oil wealth in the mid-1970s, Saudi Arabia sought food security by growing everything that it needed. Saudis tapped groundwater to feed, water, and cool the cattle, and to help build a sprawling wheat industry. But heavily milking Saudi's aquifers has depleted these stores by 80 percent, and the government is now forcing producers to adapt. The latest in a series of bans on thirsty crops will phase out the cultivation of all green fodder by 2019.

Almarai is ahead of the curve—it has imported all of its fodder for the last five years from holdings on four continents. In keeping with its goal to remain “the world's largest vertically integrated dairy company,” Almarai directly owns and operates many of these overseas farms, including wheat and alfalfa farms in Argentina, Arizona, and California.

Yet, many of the sources for Almarai's fodder around the world face their own shortages of water, and even without the need to grow feed domestically, watering and cooling cattle is water-intensive for Saudi farmers. While the Saudis created their dairy industry in order to be self-sufficient, sustaining it requires an increasingly complex network of international ties. ■

The Middle East at an Inflection Point with H.E. Amb. Yousef Al Otaiba

On January 29, 2016, the CSIS Middle East Program hosted H.E. Amb. Yousef Al Otaiba, Ambassador of the United Arab Emirates to the United States, for the first of a three-part speaker series on challenges facing the region in 2016, including the implementation of the Iran nuclear deal, the fifth anniversary of the Arab uprisings, and a potential turning point in the battle against the Islamic State group. Amb. Otaiba's remarks highlighted the view from the region and the role of regional leaders in efforts to address threats, reverse the spread of extremism, and fuel economic growth. You can access audio, video, and transcripts of the event [HERE](#). ■

step in to save the people from themselves. Truth be told, many seem grateful. The traditional forces that have governed Egypt for six decades—the military and the security services—are back on top, and there is little question that power in today’s Egypt flows from the top down and not from the bottom up.

The spirit of Tahrir has vanished from Egypt, and so has the energy it created. Even in the latter days of Hosni Mubarak, entrepreneurial communities were sprouting up all over Egypt. Newspapers opened, technology incubators were founded, and investment banking firms set up shop. After the revolution, the pace increased even further. Activists of every stripe began the work they were passionate about only after the normal workday ended, and they extended their working days into the wee hours of the morning.

In a visit last month, it was clear that passion has dissipated. Academics are taking a lower profile. Where once a businessman had hoped to change the country through his voluntary work, he now withdraws in hopes of avoiding liability. Some in the business community whisper that current ministers are unwilling to make a decision, because virtually every former minister seems to be facing multiple court cases for his or her actions when in office. Foreign investment is less than 20 percent of its pre-revolutionary high, and domestic investors wonder how they can invest when they have no sense of what the economic and regulatory environment will be like in three years, let alone in a decade.

The military has stepped into the breach, planning where others refuse to and coordinating where others cannot. The paradoxical effect has been not so much to catalyze additional investment as to inhibit it. Who wants to compete with a government entity, after all, especially one with virtually unlimited resources? And who wants to invest in one’s country if the only people considered to be patriots are in uniform?

While there are some reasons for guarded optimism in the Egyptian economy, little of that optimism comes from traditional pillars of economic strength. Tourism is way down, harmed most acutely by the bombing of a Russian aircraft in the Sinai Peninsula in October (an incident that the Egyptian government alone among governments continues to insist is a mystery). Suez Canal tolls are flat amidst a global trade slowdown. Low oil prices produce a double-whammy, reducing remittances flowing into Egypt and curbing the enthusiasm of some of the Gulf Cooperation Council states to continue to pour tens of billions of dollars into Egypt, as they have done since the Muslim Brotherhood fell from power. The Egyptian pound is overvalued, pushing businessmen into the black market for dollars and raising the prices of Egyptian exports on international markets.

The answer is not artfully constructed conditionality. No set of international conditions will be able to force the Egyptian government to do what it does not want to do. The government is risk-averse, and it is distrustful after what it sees as five years of foreign meddling that flirted with disaster. It seems far more likely to spitefully defy outside demands and seek internal political gain than to comply with them.

At the same time, outsiders should not seek to sustain what is unsustainable. Egypt needs to take economic steps, such as pass a new investment law and float the pound. It needs to move toward more inclusive politics that enlist the constructive passions of the public and diminish fear and passivity. It needs to do this all while keeping a close watch on security, which continues to be worrisome throughout the country.

Positive change will be palpable, and if it emerges, the world should support Egypt with trade and investment. The world should also be prepared to work in concert if Egypt stumbles in the face of the steep challenges it faces, and planning for that event should start now. After all, when Egypt was revolutionary, the region seemed revolutionary. When Egypt was Islamist, the region seemed Islamist. If Egypt were to stumble, the entire region would shake. ■ 02/11/2016

Links of Interest

Newsweek quoted Jon Alterman in “Saudi Offer to Put Troops in Syria Not Realistic, Experts Say.”

Haim Malka spoke on a panel on North Africa’s security and political outlook at a Chatham House conference on January 25 titled “Middle East and North Africa Energy: Power, Security and Energy Markets.”

Haim Malka gave a [presentation](#) on political, security, and economic trends in North Africa at the IISS on January 20 in connection with his recent book chapter on political authority in Morocco published by the IISS.

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