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## EGYPT SAILS ON



**James Watt cvo** served extensively in the Middle East, including most recently as British Ambassador to Egypt (2011-14), Jordan (2006-11) and Lebanon (2003-6). His 37-year diplomatic career covered many of the major political and security questions of the day, providing wide experience also of economic, business and development issues.

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### Summary

*President Sisi's warm welcome in Washington on 3 April was another marker of President Trump's emerging pragmatic activism in the Middle East, ending a frosty period in US-Egypt relations. It underscores how Egypt's unswerving pursuit of its own course can be said to have paid off in the end. President Sisi's visit to Riyadh on 23 April has moreover now restored the relationship with Saudi Arabia, and its economic support.*

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The overthrow of President Hosni Mubarak in February 2011, following massive demonstrations in Cairo's Tahrir Square, was - in addition to everything else it was – a wrenching moment in relations between the United States and the conservative Arab States, such as Saudi Arabia, that counted on the security Mubarak's long-lasting regime brought the region. It proved damaging also to US relations with Egypt. Though the Armed Forces, the ultimate guarantor of the Egyptian political order, stepped in to “save” the revolution, and put Mubarak and his sons on trial, it became clear as 2011 wore on that the demands of the protestors for a transparent and fair new democratic order were not going to be met.

The government later installed by the military proved themselves to be instinctively anti-American, resenting the pro-democracy encouragement given by the US and Europe. When this advocated respect for the elections won by the Muslim Brotherhood, the secular liberals themselves began to oppose it. In 2013, when the country as a whole rejected the painful experience of Muslim Brotherhood rule, public anger with lecturing by the US and the West in general reached new heights. President Sisi made it his policy to cultivate President Putin, long before Russian regional diplomacy emerged as it now has. He also quietly defied the reigning consensus that the regime in Damascus had to be isolated, seeing jihadism in Syria as the greater threat, a view he will have felt was further vindicated when ISIS broke out in 2014. The security relationship with Israel was meanwhile quietly and fully restored.

In domestic policy Egypt has reinstated the firm but stultifying rule that has held the country's economic development back ever since 1952, when Colonel Nasser and his fellow officers deposed the monarchy and took power. Parliamentary elections held in 2015 produced a largely toothless legislature. But the mass of Egyptians were – and remain - profoundly grateful for the stability this rule has brought after a harrowing three years of turmoil. Successive technocratic governments since 2014 have gradually achieved some important progress: realistic fiscal policies, including subsidy reform, earned the agreement in November to a \$12bn IMF Extended Finance Facility, which in turn opened the way to other multilateral financing. The support of the Central Bank has enabled the government to start rectifying the disastrous mistreatment of the foreign oil and gas companies, which had prevented Egypt from exploiting its huge reserves of offshore natural gas. With the discovery by ENI of the vast Zohr gas field in 2015, and a recent discovery by BP in the East Nile Delta, Egypt is now on course to meeting its entire domestic needs, and becoming an energy exporter within a few years.

Despite these positive developments, Egyptians face high inflation, slow growth and extensive unemployment. Those who predict a new uprising are probably wrong, however: Egyptians have been too scarred by the events of the last one to gamble again.

President Trump's refusal to condemn the human rights abuses that undoubtedly continue in Egypt is part of his pragmatic approach to rebuilding America's strategic influence in the Middle East. He is lining up as the champion of the Sunni world against both Iranian influence and against violent Islamist extremism. The visit of the US Defense Secretary to the region, including talks in Egypt and Saudi Arabia, underscored this approach.

Late last year Egypt's relationship with Saudi Arabia ruptured over policy towards Syria. The highly important supply of petroleum products by Aramco was suspended, along with other economic support. But President Sisi's warm welcome by King Salman on 23 April has clearly put an end to that episode.

Egypt's relations with its two most important traditional partners are back on track.

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