

### Egypt: A Regional Cold War

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#### Introduction

The events known as “the Arab Spring” surprised world leaders and forced those with interests in the region to go back behind closed doors and moderate their high level meetings.

The toppling of oppressive secular administrations has signalled a rise for Islamist parties in the region, igniting rivalry between the Gulf powers of Saudi Arabia and Qatar to capture the hearts and minds of the Sunni world. These neighbouring monarchies have sought to sway political events in the Middle East towards their own interests, essentially to ensure that their own populations do not imitate their Arab counterparts.

The roots of the rivalry between the Gulf countries go back to the last century but the few years following the uprisings have been essential in determining the type of contention between these states.

Egypt, in particular, is a perfect example of the turns this rivalry has taken. On the one hand, there is the unconditional Qatari support for the Muslim Brotherhood administration, underscored by massive amounts of funding on various fronts; while on the other, the Saudis and other Gulf countries abstain, flagging their disapproval of the situation.

However, the stances of these monarchies since the demise of the Muslim Brotherhood last July have almost switched places. Egypt arguably has one of the longest histories of any state known today and the country's strategic position is one of the key factors that give it such an important role in world geopolitics.

Having said that, it is only logical that Egypt should become the focal point of interest in which regional policies are moulded, especially as it always plays a fatherly role in moderating Middle Eastern politics in times of crisis.

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A once very regimental and promising Gulf Cooperation Council is today split over the foreign policies of some of its members. Meanwhile, the once pumping heart of the area now finds itself degraded to the position of a sheer rock being fought over to decorate other countries' crowns.

### **Historical Events**

The Saudi-Qatari feud dates back to the early 20th century. Even before Qatar's independence in 1971, the Saudi royal family had fostered its connections with Qatari businessmen, members of the royal family and Qatari Bedouin tribes, which in turn allowed the Saudis to have a powerful influence on their neighbour's affairs.

Later in the 1990s, Sheikh Hamad bin Khalifa II overthrew his father in a "palace" coup d'état. Members of the Qatari government and royal family later accused Saudi Arabia of backing a counter coup to restore the old king, which deepened the divide between the two nations. The relationship worsened as each country's state-owned media continued to portray the other negatively throughout the 1990s.

Additionally, in July 2006, Saudi Arabian officials contacted the contractors of a \$3.5 billion pipeline connecting Qatar to the UAE, and complained that the pipeline would pass through Saudi waters without royal approval. Nevertheless, the construction of the pipeline was completed.

Beyond politics, Qatari support and Saudi resentment stem from the historical ties of both nations with the Muslim Brotherhood. The Qataris, like the Saudis, welcomed into their countries members of the Muslim Brotherhood who were being prosecuted by the nationalist and socialist regimes of Gamal Abdel Nasser from the mid-1950s.

Many of the group's refugees became teachers and public servants in the religious institutions of the host countries. The Saudis, however, broke their ties to the Brotherhood after the 1990 Iraqi invasion of Kuwait when it sided with Saddam Hussein.

Moreover, the Saudis also never forgave the Brotherhood for politicising their youth, who became radicalised against the regime in the 1990s, concluding in al-Qaeda's attacks against the regime.

### **Qatari Sponsorship**

The "Arab Spring" has presented Qatar with a perfect opportunity to position itself on the frontlines among the region's leading nations, especially after acknowledging the rise of regimes under the Muslim Brotherhood umbrella, with which Qatar enjoys a long-standing relationship.

The atmosphere could not be any better for the Qataris, especially after their hostile relationship with Mubarak's authoritarian regime. Relations between the two countries were officially marked

by animosity after Mubarak refused to attend the Arab Summit held in Doha in 2009. Mubarak's former government spokesman issued a statement saying that relations "would not witness any reconciliation soon" and representation was downgraded as Mubarak entrusted his Minister of Parliamentary Affairs to head the delegation.

Generally, there are two factors which have played a major role in facilitating support for the Islamist regime in Egypt. Firstly, Qatar's lengthy ties with the Brotherhood allowed direct communication channels; and, secondly, the deteriorating economic conditions of many Egyptians left the regime in desperation. In fact, the size of Qatar's economic involvement in Egypt prior to the 2011 uprising was almost negligible in comparison to that of Saudi Arabia and the other Gulf nations.

A study undertaken in 2009 by the United Nations Economic and Social Commission for Western Asia (ESCWA) contains details on the levels and sources of foreign direct investment (FDI) in each Middle Eastern country. The report identifies that the level of economic contribution in Egypt by neighbouring Arab countries accounts for 18% of the total FDI. Furthermore, the main donors mentioned in the report are Saudi Arabia and the United Arab Emirates.<sup>1</sup>

In fact, the level of Qatari involvement in Egypt was so minute that in December 2010, former Egyptian Minister of Trade and Industry Rashid Mohamed Rashid visited Qatar in an attempt to attract more Qatari investments. During that trip the former minister stated that "it is true that \$120 million is the value of the bilateral trade between Egypt and Qatar."

In contrast, since the revolution, Qatar's involvement in the Egyptian economy has greatly increased. The Central Bank of Egypt revealed the high volume of Qatari investments in Egypt, which saw an increase of 74% during the third quarter of 2011/2012, bringing them to \$572 million, pumped through 155 Qatari companies.

This was accompanied by actions to stabilize the regime in Egypt, as Qatar handed the government support of \$3 billion in the form of deposits and bonds. Additionally, the Qataris supplied natural gas to help overcome the Egyptian energy crisis, in addition to the announcement of investments in the field of electric power in Port Said worth \$8 billion. Moreover, rumours surfaced about granting Qatar a franchise to operate the Suez Canal and renting Pharaonic antiquities in return for their support.

However, the toppling of the Muslim Brotherhood's Mohamed Morsi witnessed a shift in the Qatari approach to Egypt. The short-lived honeymoon between the Arab neighbours formally ended after Qatar opened its arms to members of the Muslim cult who had fled and after ordering

<sup>1</sup> <http://www.escwa.un.org/information/publications/edit/upload/edgd-09-TP2.pdf>

back \$3 billion worth of aid last July. The Egyptian Central Bank complied and returned \$2 billion in September and the remainder during December of last year.

### **Royal Dismay**

On the other hand, the Saudi royal family are wary of the appointed Islamist regime. The royal family have had their own experience with the Brotherhood, and still feel they were stabbed in the back after they offered them asylum in the 1960s.

The Saudi Arabia we know today was formed in 1932 by King Abdul Aziz Al Saud under a non-negotiable agreement with the Wahhabi religious institutions that there would be no interference in core policies from their side, in exchange for handing them control over all religious institutions such as mosques. This in turn threatens the fabric of the Muslim Brotherhood's existence.

King Abdullah has also had a personal relationship with Mubarak's regime since the latter helped to break-up an assassination attempt in 2003. Moreover, the Saudis greatly fear that supporting popular uprisings in the region might boomerang and cause their youths to imitate their Arab nationals.

On the economic front, the relationship between the two countries is extremely powerful as, according to the Egyptian government, the amount of total investments exceeded \$12 billion in 2008. Saudi Arabia holds first place on the list of Arab countries investing in Egypt and second on the list of non-Arab countries. The quantity of Egyptian-Saudi inter-trade was estimated at \$7.4 billion in 2008. Trade exchange between the two countries reached \$4.4 billion the same year, Egyptian exports to Saudi Arabia accounted for \$3.1 billion, and imports were \$1.3 billion. This is also in addition to a total of 1,904 Saudi Arabian investment projects in Egypt.

However, the economic support offered to Mohamed Morsi's regime was very minimal and remained in the form of promises. For example, Saudi Arabia promised to offer a package of aid worth \$3.75 billion, in the form of a deposit in the Central Bank of Egypt, grants for development projects, and as direct budget support.

The support provided came in the form of \$500 million worth of liquefied petroleum gas. During former President Morsi's visit to Saudi Arabia in July 2012, there were promises to pump more Saudi investments into Egypt. Similarly, the remaining Gulf countries such as Kuwait only promised to increase their economic involvement in the form of investments.

Nevertheless, once again the fall of the Brotherhood in Egypt was more than desirable to Saudi Arabia and the rest of the Gulf. Since the deteriorating economic conditions were a major obstacle for the military in the process of dethroning the Islamist regime, the latter was granted an aid package worth a whopping \$12 billion.

This enormous aid was enough to help the military to lead the government through the worsening economic conditions marked by fuel and electricity shortages. Furthermore, the support continued for the new Egyptian regime, as the UAE just recently completed a deal with the Egyptian military to contract one million homes at low cost to alleviate the housing crisis.

### **Conclusion**

The change that took place in the Arab region resembles a tsunami that was only destined to happen for so long. The insides of the tsunami hold many of the major pending conflicts and crises, both on the regional front between nations and on a national front in the form of socioeconomic challenges, thus leaving the countries of the Arab Spring with two wars to fight. The confrontation between the Saudi Arabian state and Qatar is a conflict which goes back decades and has much to do with the egos of the royal families of both nations. The greatest mistake the leaders of the Egyptian regime have made and continue to make is becoming involved in this struggle by forming alliances with either side.

Egypt has always played a parental role in moderating Middle Eastern politics, as it is looked upon as a leading nation in the area. Those in charge should realize the true stature of their nation in the region, and try to seek development through regional cooperation instead of fuelling such a conflict. The current situation resembles nothing more than a game of tug of war between two nations, where Egypt is the rope.