

Egypt: Between Internal Fragilities and Regional Ambitions

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Hit hard by the Covid-19 pandemic, the Egypt of President Abdel Fattah al-Sisi is now having to reckon with the political and socio-economic consequences of the health emergency that risks aggravating what is already a difficult situation. In fact, the pandemic has been a fundamental test for the Egyptian economy which, in March 2020, was consolidating a series of reforms thanks to an economic recovery loan agreed upon in 2016 with the International Monetary Fund (IMF). While maintenance of these reforms and a renewed IMF loan of US\$ 5.2 billion obtained in late June 2020 (Reuters, 2020) helped push economic growth in a period of global recession, at the same time these measures were unable to provide a strong social safety net for the most vulnerable groups in Egyptian society, the hardest hit by the pandemic.

A Risky Non-alignment between Public Expenditure Priorities and Social Needs

According to recent research conducted by Egypt's Central Agency for Public Mobilization and Statistics (CAPMAS), the country's poverty rate declined to 29.7% in 2019/2020, from 32.5% in the previous survey in 2018 (Moneim, 2020). This was heralded as good news, backed by IMF estimates emphasizing the fact that Egypt is one of the few countries with promising growth prospects, since, again according to the IMF, Egypt's GDP should rise to 5.7% in 2022 following a global post-pandemic economic recovery.

However, at the same time, nearly a third of Egypt's population, which stands at over 100 million, live below the poverty line, the direct consequence of years of cuts in state subsidies and the general worsening of economic conditions due to the health emergency.

The reform programme, centred principally on rationalizing social expenditure, was not accompanied by adequate social and job sector reforms. Although the government had launched various social protection plans for low-income families, the Covid-19 pandemic forced it to step back from them in order to lessen heavy public debt, which in 2021 rose to 93% of GDP from 90% in 2020 (Gad, 2021), reducing government expenditures in fundamental sectors like healthcare and education and leading to a general worsening of living standards for much of the population.

Another serious problem the government faces is the high rate of unemployment (currently risen to 9.8% in 2021 and expected to be 9.4% in 2022), further aggravated by the negative economic impact of Covid-19. The tourism sector was badly hit, whose 2020 revenue plummeted to US\$ 4.4 billion from 13 billion the previous year, with growth prospects and a return to normalcy predicted only for 2024.

The non-alignment between public expenditure priorities and social needs is also quite apparent in the Egyptian government's drive for big infrastructure projects (such as building the New Administrative Capital 45 km from Cairo, which would cost some US\$ 58 billion) backed by companies owned by the military, whose economic clout is increasing all the time. In fact, the growing involvement in state projects of companies run directly by the armed forces – which enjoy many fiscal facilitations – has discouraged private investors, both national and foreign,

making access to public contracts by private civilian companies less and less competitive (Sayigh, 2020).

Securitizing the Pandemic as a Tool for Social Control

Persisting in this difficult socio-economic context is the regime's constant veering towards authoritarian methods of tight control over society and repressing any criticism of the government, which is deemed a danger to the country's stability and security. Ten years after the outbreak of the so-called "Arab Spring," Egypt under President al-Sisi (elected in 2014 and for a second term in 2018) seems to have backslid into a situation of political stasis, economic impasse and stringent control over society. Ongoing, in fact, is a wave of repression of civil society activists, journalists and Islamist opposers, a situation that the pandemic has exacerbated (El Banna, 2020). In response to the spread of Covid-19, the al-Sisi regime chose to present the emergency as a national security risk rather than a health problem, quickly securitizing the pandemic itself. One example is the extension of the nationwide state of emergency for three months, approved again on 25 April 2021 for health and security reasons, which has been almost automatically repeated since 2017; and also the Parliament's approval in April 2020 of several emergency law amendments to address the pandemic that reinforce the powers of the President and security agencies. Months later, the latter measures appear to show the Egyptian government's intention to further strengthen state control over society, capitalizing on and instrumentalizing the restrictions imposed in the emergency stage.

Egypt's Geopolitical Strategy: Ambitions and Risks for the al-Sisi Regime

In foreign policy, Egypt is committed to redesigning its geopolitical aspirations to recoup its historic role as a strategic pivot in the Middle East, re-launching the country's image among regional competitors and bolstering its own domestic legitimacy, undermined by the authoritarian policies the regime pursues. With regard to its lines of strategic intervention, Cai-

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ro seems to be heavily involved in three issues of great geopolitical importance for the country: the Libyan question; the conflict with Ethiopia over the GERD (Grand Ethiopian Renaissance Dam); and the recent crisis in Gaza.

The Libyan Crisis and National Interests

For Egypt, Libya is an important element in the defence of its own interests on the great geo-economic chessboard of the eastern Mediterranean, and in its national security, due to the possible penetration of jihadist groups from the porous border with Cyrenaica.

The failure of the siege of Tripoli (2019-2020) by General Khalifa Haftar, chief of the eastern-based Libyan National Army (LNA), forced Cairo to reduce its support for the general and opt for re-launching the diplomatic path, thereby appearing as the actor most seeking compromise among the Libyan general's backers.

This is one reason the Egyptian government supported the ceasefire signed in Geneva on 23 October 2020, as well as the new Libyan executive authority led by Prime Minister Abdel Hamid Dbeibah, as shown by the signing of several memorandums of understanding in fundamental sectors during the Egyptian Prime Minister's visit to the Libyan capital in April 2021, aimed at strengthening bilateral cooperation between the two countries.

With these moves, Egypt has clearly shown the strategic pivots of its political action in the Libyan context and at the regional level: to cautiously distance itself from Saudi and Emirati strategy and thus achieve a more independent and peace-facilitating role in the Libyan dossier, and, at the same time, to show greater moderation on the international level thus avoiding possible conflicts with the new US Administration. With regard to Turkey, another competitor extremely active in Libya, we are now seeing a sort of appeasement underway between the two

regional actors and a return to unofficial diplomatic dialogue between Cairo and Ankara that could potentially lead to new scenarios on the regional and international levels (Bakir, 2021). The high-level bilateral talks held in Cairo on 5-6 May 2021 laid the groundwork for defining the main areas of cooperation for the near future, primarily Libya and the need to achieve stability in the eastern Mediterranean. Despite the elements in favour of a possible “Grand Bargain” between the two countries, Egypt continues to insist on the need for Turkish forces and affiliated mercenaries to leave the country (there are thousands of Turkey-sponsored Syrian mercenaries in Libya, although the number cannot be accurately assessed). Furthermore, Egypt will not accept the creation of an Islamic-oriented unity government in Libya closely tied to Turkey, since Cairo has long been involved in battling (not just internally) political Islam and the Muslim Brotherhood, which Ankara actively supports. These conditions make reaching an agreement hard, although, if acting in tandem, Cairo and Ankara could help in the search for a political solution in an extremely fragile Libya, which no other regional or European actors have been able to do (Melcangi, 2021).

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The “GERD Affair”: A Still-worrisome Dispute

The dispute over the GERD is a strategic issue for Egypt’s national interests, tied directly to the use of Nile River water, on which 90% of the country’s potable water supply depends. This issue is the reason for the country’s deteriorating relations with Ethiopia. In fact, Ethiopia’s new hydroelectric project would quickly fill the dam, drastically reducing the flow of Blue Nile water to Egypt. The Egyptian government has long demanded third-party mediation that could compensate for Cairo’s lack of direct in-

fluence over the Addis Ababa government, which, for its part, has constantly refused such external interference (Kaldas, 2021). Egypt has re-launched its proposal for an internationally-mediated plan to manage the river’s water, even hoping to get the United Nations Security Council involved.

Cairo is well aware that any interruption of the Nile’s water flow could have grave repercussions economically and socially in terms of water supply, farming and food production and the industrial and energy output of the countries downstream. Moreover, Egypt is also well aware that entering a military conflict at this stage would be imprudent, hence the large-scale diplomatic campaign it has launched to put pressure on Ethiopia. The initial achievement of this tactic has been to ensure support from the United States and from Sudan, the latter equally harmed by the GERD project and willing to strengthen collaboration with Egypt. However, the continued failure of negotiations mediated by the United States, the World Bank and the African Union have only heightened the Egyptian President’s fears. Failure in what Cairo considers an issue of vital national interest could be the most significant foreign policy setback since al-Sisi came to power.

Egyptian Mediation in the Gaza Crisis (2021): al-Sisi’s Diplomatic Success

During the May 2021 crisis in Gaza, Egypt further strengthened its regional clout by brokering a difficult ceasefire between Israel and Hamas. On the international level, acting as one of the few countries in the region that engages with both Israel and Hamas allowed al-Sisi to achieve a fundamental diplomatic victory and acquire regional prestige. This was especially the case amidst the embarrassed hesitation of many Arab countries to condemn Israel – the UAE and Bahrain at the forefront of this, which had both normalized their relations with Tel Aviv in 2020 with the Abraham Accords. But most importantly, Egypt’s mediation helped burnish Cairo’s credentials with the United States under Biden, with public praise for al-Sisi’s diplomatic efforts (Najjar, 2021). On the domestic level, al-Sisi scored another success as well, presenting himself as a peacemaker and supporter of the Palestinian cause and also pledging an active role in the post-conflict stage

and promising US\$ 500 million to rebuild Gaza. This means an investment for the Egyptian government not only in terms of its political influence on an international level, but also with Hamas. In fact, although Egypt continues to consider the Islamist organization as a national security threat – especially due to the risk of terrorist infiltrations from the Gaza/Sinai Peninsula border – al-Sisi is looking for a new engagement with Hamas, which recently distanced itself from the Muslim Brotherhood. These conditions could make Egypt a decisive actor on the regional and international levels and finally allow the *ra'is* to strengthen popular support at a delicate time for the regime, not just socially but also, and above all, economically.

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