

ISSUE BRIEF

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U.S. Aid to Egypt and Libya: Tight Strings Needed

James Phillips

The Obama Administration is finalizing an aid package to Egypt that includes forgiving approximately \$1 billion of Egypt's debt to the United States. This is in addition to about \$1.5 billion in annual U.S. foreign aid. However, the lax reaction of Egypt's new Islamist government to the violent demonstrations at the U.S. embassy in Cairo has raised questions about the motivations of Egypt's new Islamist leaders. Congress should monitor the Administration's ongoing aid negotiations with Cairo and ensure that conditions are attached to any forthcoming aid that will advance U.S. national interests.

Washington provides much less aid to Libya's new government—about \$200 million since the start of the uprising in 2011. In contrast to Egypt, the Libyan government has

reportedly been more forthcoming in offering security help in the wake of the September 11 terrorist attack on the U.S. consulate in Benghazi, which killed four Americans. The U.S. should continue its small aid program as long as the Libyan government continues to cooperate in shoring up security for U.S. diplomats, tracking down the terrorists responsible for the Benghazi attack, and preventing al-Qaeda and other Islamist extremists from establishing a sanctuary inside Libya.

Egypt's Drift Toward Islamism. Egyptian President Mohamed Morsi, a longtime member of the anti-Western Muslim Brotherhood, has set Egypt on a troubling new foreign policy course since coming to power in June. His government has distanced itself from Washington while cozying up to China, improving relations with Iran, and violating its peace treaty with Israel. Morsi's first trip outside the Middle East was to China. He embraced Iranian President Mahmoud Ahmadinejad at an Islamic summit in Saudi Arabia and became the first Egyptian leader to visit Iran since the 1979 revolution.

Morsi's government has also undermined Egypt's 1979 peace treaty with Israel. After an August 5 terrorist attack by Islamist militants

killed 16 Egyptian border guards in the Sinai, Cairo deployed tanks close to the Israeli border, a violation of the U.S.-brokered treaty.¹ Under the guise of fighting terrorism, Morsi will use the Sinai campaign to boost his political position at home, thumb his nose at Israel, and escalate Egypt's cooperation with Hamas, the Palestinian branch of the Muslim Brotherhood that controls Gaza and remains adamantly committed to Israel's destruction. He has already invited Hamas leader Ismail Haniyeh to Cairo and has eased border restrictions between Gaza and Egypt.

The recent attacks on the U.S. embassy in Cairo have deepened American concerns about Egypt's new government. Despite advance warning about plans by ultra-radical Islamists to mount a protest demonstration on September 11, Egyptian security forces were suspiciously lax in restraining the crowd, which invaded the embassy grounds, tore down the American flag, and replaced it with a flag that resembled al-Qaeda's black banner.

President Morsi's nonchalant public reaction to the embassy attack only compounded the problem. Instead of immediately denouncing the attack and taking action

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The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002
(202) 546-4400 | heritage.org

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to upgrade security around the embassy—as Libyan and Yemeni leaders have done after similar events—Morsi waited a day before casually issuing a mild rebuke to the rioters via Facebook. Morsi’s ambivalent approach to fulfilling Egypt’s legal obligation to protect foreign diplomats did little to reassure Washington or deter future riots at the embassy. In fact, his Muslim Brotherhood supporters have made the situation worse by calling for more anti-American protests.

President Morsi belatedly promised to protect U.S. diplomats in a phone call with President Obama and a statement issued in Brussels. Egyptian security around the Cairo embassy appears to have been increased for today’s demonstrations, but Morsi’s halfhearted approach to fulfilling his government’s legal obligations to protect diplomats requires the Obama Administration and Congress to send clear signals that continued foot-dragging on security cooperation will put at risk U.S. foreign aid and cooperation in reducing Egypt’s heavy debt burden.

Libya’s Good-Faith Effort.

Libya’s new government has struggled to maintain internal security and law and order in the face of challenges from independent militias. It did move quickly to denounce the attack on the U.S. consulate in Benghazi and has offered its cooperation in finding the terrorists responsible for the September 11 attack.

Libyan authorities are tracking down the perpetrators of the attack and reportedly have made four arrests. It would be a mistake to cut off aid to Libya’s newly established government as long as it is cooperating on this important matter. That

would only advance the goals of the Islamist extremists who launched the attack and seek to reduce Western influence in their country, undermine the government’s authority, and hijack Libya’s revolution.

Aid Is for Allies. The U.S. currently provides Egypt with \$1.3 billion in military aid and is supporting Cairo’s efforts to negotiate a \$4.8 billion loan from the International Monetary Fund. Additionally, the Obama Administration has offered to reduce Egypt’s \$3.2 billion debt to the U.S. by \$1 billion. The details of the debt reduction are still being finalized, but it is expected to be a combination of debt swaps—using money for debt payments for other specified programs—and direct relief. The Administration has indicated that the cost of the deal would be covered almost entirely by funds reprogrammed from previous leftover foreign aid appropriations.

Congress should exercise its oversight powers to evaluate the aid package and the Morsi government’s suitability for continued aid. It should approve the debt reduction package and continued foreign aid *only* if the Egyptian government makes iron-clad commitments to:

- Fully protect U.S. citizens and property, particularly the U.S. embassy and other diplomatic posts;
- Maintain the peace treaty with Israel and stop deploying additional forces in the Sinai without prior Israeli approval;
- Cooperate in fighting al-Qaeda and other terrorist organizations; and

- Implement policies that protect the rights of its citizens, including freedom of religion, expression, and association, as well as due process of law.

Similarly, the U.S. has provided about \$200 million to Libya since the uprising in 2011, including \$89 million in humanitarian assistance, \$40 million in weapons abatement, and \$25 million in nonlethal assistance from Department of Defense stockpiles. About \$13 million is projected for U.S. foreign aid in fiscal year 2012.

Aid Is Not an Entitlement.

American foreign aid is a tool for advancing U.S. national interests, not an entitlement program for international social work. As President Obama suggested in his Telemundo interview on Wednesday, it is increasingly unclear whether Cairo remains an ally.

Washington has strong reasons to help Egypt make the difficult transition to a stable democracy that can be an important partner in bringing stability to the turbulent Middle East, maintaining peace with Israel, and defeating Islamist terrorists, but President Morsi must act like an ally. If Morsi’s new government maintains Egypt’s past commitments to stabilizing the Middle East, adequately protects foreign diplomats and foreign visitors, and respects the rights of its own people, then it deserves continued American support.

Likewise, Washington should continue aid to Libya as long as the Libyan government continues to cooperate in shoring up security for U.S. diplomats, tracking down the terrorists responsible for the Benghazi attack, and preventing al-Qaeda and other Islamist extremists

1. James Phillips, “U.S. Should Insist Egypt’s Military Buildup Must Comply with Peace Treaty,” Heritage Foundation *Issue Brief* No. 3707, August 22, 2012, <http://www.heritage.org/research/reports/2012/08/us-should-insist-egypt-s-military-buildup-must-comply-with-peace-treaty>.

from establishing a sanctuary inside Libya.

—**James Phillips** is Senior Research Fellow for Middle Eastern Affairs in the Douglas and Sarah Allison Center for Foreign Policy Studies, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, at The Heritage Foundation.