

The Arab Gulf States
Institute in Washington
Building bridges of understanding



The AGSIW *Gulf Rising* Series
Egypt-GCC Partnership: Bedrock of Regional Security
Despite Fissures

Abdel Monem Said Aly and Hussein Ibish



The Arab Gulf States
Institute in Washington
Building bridges of understanding

December 12, 2016

The AGSIW *Gulf Rising Series*

Egypt-GCC Partnership: Bedrock of Regional
Security Despite Fissures

Abdel Monem Said Aly and Hussein Ibish

I s s u e
P a p e r

#11

2016

The Arab Gulf States Institute in Washington (AGSIW), established in 2014, is an independent, nonprofit institution dedicated to increasing the understanding and appreciation of the social, economic, and political diversity of the Arab Gulf states. Through expert research, analysis, exchanges, and public discussion, the institute seeks to encourage thoughtful debate and inform decision makers shaping U.S. policy regarding this critical geostrategic region.

© 2016 Arab Gulf States Institute in Washington. All rights reserved.

AGSIW does not take institutional positions on public policy issues; the views represented herein are the author's own and do not necessarily reflect the views of AGSIW, its staff, or its Board of Directors.

No part of this publication may be reproduced or transmitted in any form or by any means without permission in writing from AGSIW. Please direct inquiries to:

Arab Gulf States Institute in Washington
1050 Connecticut Avenue, NW
Suite 1060
Washington, DC 20036

This publication can be downloaded at no cost at www.agsiw.org.

Cover Photo Credit: AP Photo/Kamran Jebreili

The AGSIW *Gulf Rising* Series

Over the last decade the Gulf Cooperation Council countries have energized their role in regional politics, from the use of military intervention, to increased bilateral foreign assistance, to more robust regional coordination. This, combined with a perception of U.S. disengagement from the Middle East, has prompted GCC countries to seek and establish strong relations with other centers of power – regionally and globally.

This paper was developed as part of AGSIW's *Gulf Rising* series analyzing the energized role of the Gulf Arab states in the international system. The series looks beyond GCC relations with the United States to examine ties with other key countries and regions. Additionally, it investigates motivations behind Gulf Arab states' foreign policy choices and evaluates the implications for U.S. foreign policy toward the GCC states and the region.

About the Authors

Abdel Monem Said Aly has been the chairman of the board and CEO of Al Masry Al Youm Publishing House in Cairo since February 2013, and the chairman of the board, CEO, and director of the Regional Center for Strategic Studies in Cairo since January 2012. He was the director of the Ahrām Center for Strategic Studies from 1994 to 2009 and president from 2009 to 2011. He obtained his BA from Cairo University and his MA and PhD in political science from Northern Illinois University. He has published many articles and books in Arabic and English. His most recent publications are *State and Revolution in Egypt: The Paradox of Change and Politics* (Brandeis University, Crown Center for Middle East Studies, January 2012) and, with Shai Feldman and Khalil Shikaki, *Arabs and Israelis, Conflict and Peace Making* (London: Belgrave and MacMillan, 2013).

Hussein Ibish is a senior resident scholar at the Arab Gulf States Institute in Washington. He previously served as a senior fellow at the American Task Force on Palestine, executive director of the Foundation for Arab-American Leadership, and communications director for the American-Arab Anti-Discrimination Committee. He is a weekly columnist for The National (UAE) and a monthly contributing writer for The International New York Times. Ibish is the author of *What's Wrong with the One-State Agenda? Why Ending the Occupation and Peace with Israel is Still the Palestinian National Goal* (ATFP, 2009). He earned a PhD in comparative literature from the University of Massachusetts, Amherst.

Executive Summary

Egypt and the Gulf Cooperation Council countries have a complex, but indispensable, diplomatic, military, and political partnership in the contemporary world. Egypt represents the epicenter of the Arab population – as by far the most human resource-rich Arab country – and is a traditional cultural powerhouse in the Arab world at both the intellectual and popular levels. It is also, arguably, the sole contemporary Arab country that is an ancient and relatively homogeneous nation-state with borders that have been recognized for many centuries. The Gulf countries contain much of the mineral and financial wealth of the Arab world, and have their own important cultural and religious influences, some of them traditional as with Saudi Arabia's religious role because of its geography, and some of it more newfound, bound up with the wealth and growth of the Gulf states. Yet even within this spirit of cooperation, whereby Gulf countries like Saudi Arabia, the United Arab Emirates, and Kuwait have strongly moved to support the Egyptian economy and promote the post-Muslim Brotherhood government led by the former general, President Abdel Fatah al-Sisi, there remains an undercurrent of competition for influence within the Sunni Arab world and beyond. Whatever their quiet reservations, the Gulf countries will almost certainly continue to regard Egypt as essentially "too big to fail" and Egypt will continue to regard the Gulf countries as indispensable partners in securing the regional status quo and combating religious and political extremism. However, Egypt sees Islamism very differently than Saudi Arabia, Kuwait, and, especially, Qatar, and tends to side with the UAE's categorical rejection of all forms of politicized religion in the Islamic world. Therefore, the Egyptian-Gulf relationship is a complex and delicate one with a good deal of nuance and competition over details, with generalized cooperation on the biggest picture issues. As long as the Egyptian government remains stable, this essential framework is likely to continue.

Introduction

Relations with Egypt are a useful index of the differences between, and range of attitudes on regional issues among, the Gulf Cooperation Council countries. The most important of these relationships is between Egypt and Saudi Arabia, which is characterized by a mixture of cooperation and competition. But Egypt also has significant, and varying, relations with other GCC countries, most notably the United Arab Emirates and Qatar. Egypt and the Gulf represent the two major pillars of contemporary Arab politics and influence. Egypt is the most populous Arab state, with a population in excess of 90 million people. The Gulf states are the repositories of globally significant energy supplies, and the concomitant financial clout that these resources underwrite. It is a familiar staple of 20th century Arab nationalism to lament the supposed separation of the bulk of the Arab citizenry from the oil resources and riches of the Gulf region. Iraq and Saudi Arabia both have significant populations, but countries such as the United Arab Emirates, Qatar, and Kuwait possess large energy resources, spread among relatively tiny groups of citizens.

The dream of an integrated, or even united, Arab polity that would redress the supposed imbalance and give highly populated Arab countries, most notably Egypt, some kind of direct access to Gulf oil resources has long been relegated to an insignificant fringe of Arab political discourse. But the understanding that strong cooperation and coordination between Egypt – with its vast human potential, workforce, and military manpower – and the Gulf states, most notably Saudi Arabia, with their financial and material resources, remains a central component of contemporary Arab regional strategic thought. Egypt also brings to the table its long history, rich culture, and traditional leadership status in the Arab world. But the Gulf states, too, have their own rich historical heritage, particularly Saudi Arabia's status as the birthplace of Islam and location of the holy cities of Mecca and Medina.

Too Big to Fail?

Egypt's demographic size, and its strategic, cultural, and political importance to the Arab world – along with its status as an Arab Republic recovering from the brief period of misrule by Mohamed Morsi of the Muslim Brotherhood, and therefore a lesson to other Arab societies about the dangers of Islamist control – all mean that the Gulf states have seen Egypt in general, and its new government in particular, as, in effect, “too big to fail.” Were the Egyptian economy to collapse, a range of dangerous scenarios from a Gulf perspective could ensue. The Arab world might see its largest and most culturally influential society collapse into chaos, and with it could go any realistic hope that Arab societies in general will regain stability and be able to fend off challenges from Iran and other non-Arab would be hegemony, potentially including Turkey. Egyptian social disintegration could also prompt a sharp rise in regional terrorism, if the population falls victim to complete despair and areas of the country beyond Sinai fall into the hands of violent extremists. A wave of refugees and asylum seekers on a vast scale is also possible. In short, the potential for Egypt to serve as a massively destabilizing factor, rather than a source of Arab stability and strength, is readily imaginable in a disturbingly plausible worst-case scenario.

Strong support for the Egyptian economy under the administration of President Abdel Fatah al-Sisi has therefore been an important policy for Saudi Arabia, the UAE, and Kuwait. Sisi came to power in the aftermath of a massive popular movement on June 30, 2013, which called for

the military to remove the elected, but increasingly heavy-handed government led by Mohamed Morsi of the Muslim Brotherhood. Other than the Muslim Brotherhood and its supporters, virtually all other political and social factions in Egypt supported the removal of Morsi, after days of massive street protests. After one year of transitional administration led by the head of the Supreme Constitutional Court, Adly Mansour, Sisi was elected as president of Egypt on the basis of the newly established 2014 constitution. The Sisi administration is therefore viewed by these Gulf states as having restored order to Egypt, fending off a takeover by radical Islamists who were exceeding their electoral mandate and ignoring legal limits on executive authority, and serving as an important symbol and example of the restoration of regional stability and the resilience of the status quo against dangerous forces of unmanaged and uncontrolled revolutionary change. Indeed, the basis of cooperative relations between Egypt and the Gulf states is, precisely, their mutual support for stability and the status quo and opposition to destabilizing forces, particularly Islamists (although, a range of opinions exists on this final point).

A certain degree of fatigue and disappointment appears to have begun to shadow Gulf economic support for Egypt...

Saudi Arabia, the UAE, and Kuwait primarily expressed this strong support through major economic aid initiatives to Egypt immediately following the 2013 uprising. In 2013, the UAE provided Egypt with \$1 billion in direct aid and a \$2 billion deposit to the Central Bank of Egypt as well as \$225 million worth of oil and gas.¹ Saudi Arabia contributed a \$5 billion aid package, including \$1 billion in cash, \$2 billion in energy supplies, and a \$2 billion deposit to the central bank.² Kuwait contributed a \$1 billion cash grant and a \$2 billion bank deposit.³ In 2014, the UAE spent \$3.21 billion on various investments in Egypt, while Saudi Arabia pledged \$1 billion to the central bank and \$3 billion in investments. In 2015, the UAE pledged an overall \$4 billion aid package including a \$2 billion bank deposit and \$2 billion in various dedicated projects. That same year Kuwait pledged \$4 billion in its own investments.⁴

A certain degree of fatigue and disappointment appears to have begun to shadow Gulf economic support for Egypt of late, with a

detectable preference for investments and dedicated projects as opposed to cash transfers to the treasury. Direct cash transfers to the central bank appear to have dropped off significantly, and have not necessarily been delivered when pledged. Nonetheless, in 2016 the UAE pledged a \$4 billion package for Egypt, half in bank deposits and half in direct investments.⁵ In August,

	Kuwait		Saudi Arabia			UAE		
2013	\$1 billion cash grant	\$2 billion deposit, Central Bank of Egypt	\$1 billion cash grant	\$2 billion deposit, Central Bank of Egypt	\$2 billion, energy supplies	\$1 billion direct aid	\$2 billion deposit, Central Bank of Egypt	\$225 million, oil and gas
2014			\$1 billion pledged, Central Bank of Egypt		\$3 billion pledged in investments	\$3.21 billion in investments		
2015	\$4 billion pledged in investments					\$2 billion pledged, Central Bank of Egypt	\$2 billion pledged, dedicated projects	

¹ Karen E. Young, "[The Gulf's Entanglement in Egypt](#)," *Arab Gulf States Institute in Washington*, August 25, 2016.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

\$1 billion of the treasury cash transfer was reportedly deposited. Saudi Arabia is reported to have delivered \$500 million in cash as part of a \$1.5 billion loan to Egypt, which, in turn, is part of a larger \$25 billion support package that includes investments and infrastructure projects, especially in Egypt's oil industry, over the next five years.⁶

Much of this recent support⁷ was needed to help Egypt⁸ secure a three-year \$12 billion loan from the International Monetary Fund.⁹ On November 11, the IMF confirmed this loan, along with a painful and politically dangerous austerity program to be undertaken by the Egyptian government.¹⁰ As the Egyptian pound collapsed in value this year, Saudi Arabian exchange outlets dropped the currency from its trading options.¹¹ And the currency collapse, which is a result of a deliberate government devaluation policy¹² linked to a drop in central bank cash reserves, currently estimated at a mere \$23.6 billion, is reportedly inflicting serious damage to a range of Egyptian businesses, despite efforts to control currency black markets.¹³ Therefore, even as the Gulf states implicitly and explicitly express their disappointment with Egypt's economic performance and frustration with some of its policies, they seem to continue to regard Egypt as too big and important to fail. Their support is neither unlimited nor unconditional, but the Gulf states certainly appear determined to do whatever is necessary to keep Egypt functional and relatively stable. This aid roughly works out to about \$4 billion a year which, for a country of more than 90 million people, is significant and important, but hardly definitive or revolutionary, as some suggest.

Two Islands and a Bridge Too Far?

The economic aid and political partnership with Saudi Arabia has come at a significant cost to Egypt, at least in the eyes of many Egyptians. During a five-day trip to Cairo by King Salman bin Abdulaziz in April, Sisi signed an agreement to demarcate the maritime boundaries between the two countries and accordingly the two islands of Tiran and Sanafir under Egyptian administrative control since 1950 to be transferred back to Saudi Arabia, and agreed in principle to the construction of a bridge to connect the two countries, long sought by Saudi Arabia.¹⁴ The subsequent uproar in Egypt has caused significant damage to the president's popularity and credibility in many quarters, particularly within the Egyptian elite, and the controversy is still playing itself out in Egypt's courts, political system, and national conversation. The issue has also been a source of tension between Egypt and Saudi Arabia, at least to portions of the Egyptian public, who viewed the transfer as a kind of extortion of territory in exchange for financial support and an unseemly and unwarranted

⁶ Gordon Platt, "[Egypt Gets With The Program](#)," *Global Finance Magazine*, September 9, 2016.

⁷ "[Egypt 'Has Mustered' 60 Percent of \\$6 Bln Required to Secure IMF Deal](#)," *Al Arabiya*, October 18, 2016.

⁸ Dahlia Kholaf, "[Egyptian Stocks Rally as Saudi Aid Boosts IMF Loan Hopes](#)," *The Wall Street Journal*, October 13, 2016.

⁹ "[Egypt: IMF Reaches Staff-Level Agreement on a Three-Year US\\$12 Billion Extended Fund Facility](#)," *International Monetary Fund*, August 11, 2016.

¹⁰ Daa Hadid, "[Painful Steps Help Egypt Secure \\$12 Billion I.M.F. Loan](#)," *The New York Times*, November 11, 2016.

¹¹ Lydia O'Neal, "[Saudi Arabia Drops Egyptian Pound From Exchange Markets As Currency Rapidly Depreciates](#)," *International Business Times*, October 27, 2016.

¹² Steven A. Cook, "[Egypt's Political Gamble: Devaluing the Pound](#)," *The National Interest*, March 15, 2016.

¹³ Lin Noueihed, "[Rapid Currency Slide Chokes Business in Egypt](#)," *Reuters*, October 31, 2016.

¹⁴ "[Egypt to Give Saudi Arabia Two Red Sea Islands](#)," *Al Jazeera*, April 11, 2016.

deference to Saudi Arabia's increasing stature in the Arab world. It was a painful reminder to many Egyptians of the relative inversion of stature in the Arab world that has taken place between Egypt and Saudi Arabia, with the traditionally more powerful and influential Egypt all too often being seen as playing a supportive role to Saudi and other Gulf leadership of the Sunni Arab world.

Moreover, since the transfer was announced during the visit of the Saudi monarch, there was an added sense of public humiliation, or gratuitous display of newfound Saudi leverage and influence, which emphasized to many Egyptians the costs rather than benefits of the partnership with Saudi Arabia. One of the missing factors in the current relationship between Sisi and his relatively small circle of advisors on the one hand and the Saudi king and deputy crown prince on the other, is what many observers have described as normal modes of diplomatic preconsultation between the two powers, which could have avoided some of the controversy by involving the Egyptian Ministry of Foreign Affairs and other elites in the decision-making process before its announcement. Had the announcement not been linked to an official visit by the Saudi king, looking like a tribute to a dominant power by a supplicant state, the matter might not

The economic aid and political partnership with Saudi Arabia has come at a significant cost to Egypt, at least in the eyes of many Egyptians.

have provoked as much uproar as it did. And had the Egyptian public and elite been prepared for the possibility of such a transfer of control, based on a rational and well-grounded history¹⁵ of how and why the islands had come into Egypt's possession in the first place, the controversy might have been avoided altogether, even though, like many large and well-established countries with a long history and strong sense of national consciousness, territorial integrity is generally considered nonnegotiable in Egyptian political culture. But in this case, the actual history might have prepared Egyptians to accept the transfer as reasonable and gracious rather than as outrageous and humiliating, as many instantly concluded it was.

The islands, Sanafir and Tiran, are separated by about two nautical miles in the Red Sea, adjacent to the strategic passageway known as the Strait of Tiran, which is particularly important to Israel's access to the Red Sea. Their strategic location, at the mouth of, and southern entrance to, the Gulf of Aqaba, is further illustrated by the fact that they once served as landmarks to delineate the border that was established by a 1906 treaty between territories belonging to the Ottoman Empire and British-administered Egypt. They serve as nature reserves and are uninhabited, apart from Egyptian military personnel and multinational peacekeepers who have been present since 1982. Two years after the founding of Israel, in 1950, Saudi Arabia's then-King Abdulaziz al-Saud reportedly ceded administration over the islands to the Egyptian government, on the grounds that Egypt would be better able to resist a potential Israeli effort to seize control of these strategic territories. Both countries maintain that this transfer was in the form of a "loan"¹⁶ of territory, to be returned at some future date. Israel seized control of the islands during the 1967 war, but returned them to Egypt as part of the territorial arrangement in the Egyptian-Israeli peace treaty.

Egypt and Saudi Arabia both claimed sovereignty over the islands in letters to the United Nations during the 1950s, but under President Anwar Sadat, Egypt's position was that the islands were in

¹⁵ Aya Aman, "[Government Provides Documents on the Islands of Tiran and Sanafir, Quoting ElBaradei](#)," *Al Shorouk*, April 11, 2016.

¹⁶ "[Israel Foreign Ministry Silent on U.S. Request to Leave Tiran Islands](#)," *Jewish Telegraphic Agency*, May 29, 1968.

fact part of the Hijaz region of Saudi Arabia. The Saudis repeatedly asserted their long-term claim of sovereignty over the islands, for example in a 1989 statement¹⁷ to the United Nations, and in an exchange of letters with Egypt during this same period. U.S. diplomatic cables¹⁸ from the 1950s also confirm that Saudi Arabia had temporarily transferred control of the islands to Egypt to protect them from potential seizure by Israel (a gambit that ultimately failed, given the outcome of the 1967 war).

So, a strong case could have been made to the Egyptian public, including the nationalistic elite, that Saudi Arabia was within its rights to request the return of the islands pursuant to the 1950s' understanding, and that Egypt was not surrendering any of its own territory but simply abiding by a diplomatic commitment made in the spirit of Arab solidarity in general and in the face of the Israeli threat in particular. However, this may have been done too late¹⁹, and the diplomatic history²⁰ regarding the islands was almost entirely unknown before the April announcement. It was therefore not surprising that the move prompted an outcry from some Egyptians who felt that the government was, in effect, selling Egyptian territory to Saudi Arabia in exchange for billions of dollars of Gulf aid and investments.

Egypt and Saudi Arabia both claimed sovereignty over the islands in letters to the United Nations during the 1950s, but under President Anwar Sadat, Egypt's position was that the islands were in fact part of the Hijaz region of Saudi Arabia.

Wounded pride²¹ was further exacerbated when Israeli Defense Minister Moshe Yaalon revealed that Israel and the United States had quietly approved the Egyptian decision to return the islands to direct Saudi administration on the condition that the maritime guarantees Israel had received under the treaty with Egypt would be upheld by the Saudi authorities. The idea that the United States, and even Israel, had been consulted while almost all Egyptians were still completely in the dark about plans to transfer control of the islands seemed to add insult²² to injury. Outrage²³ was widespread throughout much of Egyptian society, and in June, an administrative court ruled²⁴ that the government's decision was invalid and that the two islands would "remain under Egyptian sovereignty." This ruling is subject to approval from the Egyptian High Administrative Court, and a lawyer for the government recently insisted that the islands are still under Egyptian control.²⁵ On November 8, the Administrative Court confirmed that the transfer plan was "null and void."²⁶ Saudi Arabia continues to withhold oil shipments that are part of its aid package to Egypt pending

17 Hend Al-Behary, "[Island Controversy: A History of Tiran and Sanafir](#)," *Egypt Independent*, April 13, 2016.

18 [The Ambassador in Egypt \(Caffery\) to the Secretary of State](#), January 30, 1950, 774.54/1-3050: Telegram, Foreign Relations of the United States, 1950, the Near East, South Asia, and Africa, Volume V, U.S. Department of State.

19 "[Egypt's Cabinet Publishes Historical Docs Backing Saudi Red Sea Islands Claim](#)," *Ahram Online*, April 12, 2016.

20 "[Documents Prove the Islands of Tiran and Sanafir Belong to Saudi Arabia](#)," *Egypt Information and Decision Support Center*, April 12, 2016.

21 Ayah Aman, "[Cairo Tries to Reassure Citizens and Israel amid Island Controversy](#)," *Al-Monitor*, April 13, 2016.

22 Ben Caspit, "[Is Israel Forming an Alliance with Egypt and Saudi Arabia?](#)" *Al-Monitor*, April 13, 2016.

23 Sarah El Shalakany, "[Why an Egyptian Court Is Challenging Sisi on Islands Handover](#)," *Al-Monitor*, June 23, 2016.

24 Haitham Ahmed, "[Egyptian Court Annuls Deal to Hand over Two Red Sea Islands to Saudi Arabia](#)," *Reuters*, June 21, 2016.

25 Ayah Aman, "[Will Cairo Reverse Decision to Transfer Islands to Riyadh?](#)" *Al-Monitor*, October 25, 2016.

26 "[Egypt Court Confirms Null and Void Islands Transfer to Saudi](#)," *New China*, November 8, 2016.

this decision. But, in keeping with the Gulf consensus that Egypt is too big to fail, on November 15, Kuwait stepped in with a sudden agreement to supply Egypt with two million barrels of crude oil per month with no discounts but a nine-month grace period for payments.²⁷ Kuwait is therefore expected to now serve, at least for the meanwhile, as the main oil supplier for Egypt in place of Saudi Arabia.²⁸

The islands controversy was accompanied by a much less explosive, but still in some quarters controversial, plan for the construction of a huge causeway or bridge linking Saudi Arabia and Egypt. During the Saudi king's April trip, in addition to the other maritime and territorial agreements, the two countries agreed in principle to the construction of what Sisi suggested be named the "King Salman Bridge."²⁹ There are several accounts of what, precisely, the bridge project will involve, and it does not appear that specific plans have been finalized between the two governments. There are three possible reported routes,³⁰ all of them beginning at Tabuk, proceeding then to one, or both of the disputed islands, and then finally to either Sharm el Sheikh or some other part of the Sinai Peninsula. Most reports estimate construction to take at least seven years and cost \$4 billion.³¹ Saudi Arabia has proposed such a bridge several times in the past, but Egypt has, until now, rejected the possibility.³² Israel has reportedly expressed its opposition to the plan and claimed that it would violate the treaty with Egypt if it were constructed without Israel's agreement.³³ Jordan has also expressed serious concerns about the economic impact of such a bridge and its implications for navigation and trade.³⁴

The controversies over the islands and, to some extent, the proposed bridge, simultaneously illustrate the symbiotic, mutually beneficial, nature of the Egyptian-Saudi relationship on the one hand, and the delicate diplomatic and political sensitivities born of a long history of competition and rivalry, on the other hand. For many Egyptians, both initiatives seem to reflect a shift in the balance of power between Cairo and Riyadh, very much in favor of the latter. This supposed inversion of stature is galling to many Egyptians. To many Saudis, however, that requests for the return of islands that have been generally, if very quietly, acknowledged to be ultimately part of their sovereign territory, and the construction of a mutually beneficial bridge for which they will bear the bulk of the costs, seem reasonable and fair, particularly given the amount of aid Saudi Arabia and other GCC states, particularly the UAE, have been supplying to Egypt. It is not Saudi Arabia's fault if Egypt is enduring a period of economic stagnation for a variety of reasons, including domestic political turmoil, and that this civic upheaval has caused Egypt to turn inward and pull back from the kind of broad regional leadership role it played in much of the 20th century. Further, Sisi has become increasingly dependent on military advisors rather than consulting with Cabinet ministers and other senior officials, exacerbating this trend toward isolationism. Nonetheless, a degree of resentment is inevitable in this kind of relationship, particularly on the Egyptian side, as

27 ["Kuwait to Provide Egypt with 2 Million Barrels of Oil per Month,"](#) *Ahram Online*, November 15, 2016.

28 ["Kuwait to Replace Riyadh as Main Egypt Oil Supplier,"](#) *The New Arab*, November 16, 2016.

29 ["King Announces Saudi-Egypt Red Sea Bridge,"](#) *ABC News*, April 8, 2016.

30 ["Information on Saudi-Egyptian Bridge,"](#) *El Khabar*, April 9, 2016.

31 ["Saudi Arabia, Egypt Agree to Build Bridge over Red Sea,"](#) *Al Jazeera*, April 9, 2016.

32 Rami Galal, ["Red Sea Bridge Project Resurfaces,"](#) *Al-Monitor*, April 19, 2016.

33 ["Israel Raises Red Card for Egypt and Saudi Arabia,"](#) *Alwakei*, January 11, 2013.

34 ["Is It Possible for Jordan and Israel to Oppose the Bridge between Egypt and Saudi Arabia?"](#) *Arabil*, January 9, 2013.

these controversies amply illustrate.

Religion and Politics in the Arab World

The complex interplay between cooperation and rivalry in the Egypt-GCC relationship is evident in the competition over religious authority among Sunni Arabs. Egypt is home to Al-Azhar University, traditionally the most authoritative religious academic institution in the Sunni Arab world. Saudi Arabia's claims rest on geography, early Islamic history, and the extensive, and highly controversial, Saudi funding of religious institutions reflecting its ultraconservative values and perspectives throughout the Islamic world. Beginning in the mid-1950s, Egyptian Muslim Brothers sought both refuge from state persecution and employment in the Gulf states, including Saudi Arabia, bringing with them a novel understanding of politicized Islam as a modern revolutionary ideology. These Islamic activists reawakened the political inclinations of the Saudi clergy, which had been in a quietist mode since the suppression of their militia by the Saudi government in the 1920s. Extensive interactions with Egyptian and other Muslim Brothers who were drawn to the Gulf states to staff the new and expanding educational, religious, and proselytizing organizations inspired a revived ethos of political engagement among some Saudi clerics, in part driven by a sense of competition with these Islamists.

At its most extreme register, the interaction between Muslim Brothers, particularly those influenced by the Egyptian radical Sayyid Qutb,³⁵ and Saudi clerics who follow the literalistic and puritanical teachings of the 18th century Nejd preacher Muhammad ibn Abd al-Wahhab, laid much of the ideological groundwork for the development of the Salafist-jihadist brand of political extremism, most infamously practiced by al-Qaeda and the Islamic State in Iraq and the Levant. These movements came together with the Deobandi extremists among the Afghan mujahedeen (a trend most notoriously embodied by the Taliban) and other factors during the war against the Soviet Union in Afghanistan in the 1980s. Ideologues such as the late Syrian extremist Muhammad Surour provided a crucial ideological bridge between traditional and apolitical Salafism with a new, revolutionary Salafist-jihadism.³⁶ They eventually give rise to al-Qaeda, which was founded by Saudi extremist Osama bin Laden and Ayman al-Zawahiri, who had been the head of the Egyptian "Islamic Jihad" group. Upon bin Laden's death at the hands of U.S. special operations forces in 2011, Zawahiri assumed the title of 2nd General Emir of Al-Qaeda, and continues to be the group's titular head. Therefore, al-Qaeda can be seen as, essentially, a joint initiative by Egyptian and Saudi extremists, once again underscoring the crucial role these two societies play in the Sunni Arab world, even among fanatics.

The Egyptian and Saudi governments and societies are both confronted by Islamist radicals stemming from these movements that pose the primary threats to their internal security and stability. Alienated Saudi youths have long been among the prime recruits for "jihadist" groups like al-Qaeda. ISIL, in particular, has been increasing its terrorist attacks inside Saudi Arabia

³⁵ Omar Sacirbey, "[The Muslim Brotherhood's 'Intellectual Godfather'](#)," *The Washington Post*, February 12, 2011.

³⁶ Hassan Hassan, "[Muhammad Surur and the Normalisation of Extremism](#)," *The National*, November 14, 2016.

targeting Saudi Shias,³⁷ security forces,³⁸ and even the Prophet's Mosque in Medina.³⁹ Egypt not only faces urban violence, sabotage, and terrorism from shadowy groups the government claims are inspired or directed by the outlawed Muslim Brotherhood, it has been bogged down by a grinding campaign against militant groups in Sinai, some of which have pledged allegiance to ISIL.⁴⁰ From an Egyptian point of view, in Sinai the country is single-handedly tackling one of six major fronts against Salafist-jihadists (the other five are: Afghanistan and Pakistan; Iraq and Syria; the Horn of Africa and Yemen; Libya and the Sahara; and Mali, Chad, and the Sahel). Moreover, the Egyptian government insists that the ISIL-aligned and inspired groups in Sinai operate in sympathy and close collaboration with the Egyptian branch of the Muslim Brotherhood and Hamas (the Palestinian branch of the Muslim Brotherhood) in Gaza.

The Egyptian and Saudi governments and societies are both confronted by Islamist radicals stemming from these movements that pose the primary threats to their internal security and stability.

The Muslim Brotherhood Movement

The nature and regional role of the Muslim Brotherhood movement has been an important source of debate, among the Gulf states and in their bilateral relations with Egypt. For much of the past two decades, Qatar has served as the main patron of the regional Brotherhood movement, strongly supported by Turkey. Indeed, Doha's entire soft-power regional approach centered on a gamble that the relatively "moderate" Islamists in Brotherhood-related parties would eventually eclipse both more extreme Islamist movements including Salafist and Salafist-jihadist groups, and traditional nationalist parties and ruling elites in much of the Middle East. During the heyday of the Arab Spring protests, it appeared that Qatar's gamble had begun to pay off, as Ennahda in Tunisia and the Egyptian Muslim Brotherhood came to power in their respective countries in the immediate post-authoritarian environment. Yet this victory proved short lived. These parties had few rivals in the months following the downfall of traditional regimes in Arab republics like Tunisia and Egypt because other opposition groups lacked the branding, resources, regional network, and organizational infrastructure Brotherhood parties enjoyed, and political forces linked to the former regimes were tainted by those affiliations.

While Saudi Arabia and, even more acutely, the UAE, fretted about the implications and regional consequences of the uprisings in Tunisia and Egypt, and were alarmed by Washington's lack of support for ousted President Hosni Mubarak, Qatar was ebullient. Its flagship Al Jazeera network of satellite news channels trumpeted the Brotherhood cause and celebrated what was widely perceived to be a "green tide" of Islamist governments in one after another Arab republic. However, this moment proved fleeting and illusory.

The regional defeat of the Muslim Brotherhood movement was strongly signaled by the overthrow of the Morsi government in Cairo following massive demonstrations that exceeded even those

³⁷ "Saudi Arabia Attack: Islamic State Claims Shia Mosque Bombing," *BBC News*, May 22, 2015.

³⁸ "ISIS Jihadists Shoot Dead Saudi Police Colonel in Riyadh Region," *The Arab Weekly*, April 5, 2016.

³⁹ Ben Hubbard, "Suicide Bombings Hit 3 Cities in Saudi Arabia, One Near a Holy Site," *The New York Times*, July 4, 2016.

⁴⁰ Derek Stoffel, "ISIS in Egypt: The Struggle for the Sinai Peninsula," *CBC News*, June 19, 2016.

against Mubarak. That was quickly followed by political maneuvers by Ennahda in Tunisia and Brotherhood-inspired parties in Morocco, Jordan, and elsewhere to moderate their positions and, at least nominally, move away from the revolutionary ethos that has defined this movement since its founding in the 1920s in Egypt. That process has continued, with Muslim Brotherhood-oriented parties such as those in Tunisia and Morocco remaining politically viable precisely because they have moved away from their previously hard-line and categorical revolutionary Islamist stance toward a post-Islamist orientation.

The Sisi government in Egypt was born out of, and drew what it deemed as a popular mandate from, uncompromising opposition to

The Sisi government in Egypt was born out of, and drew what it deemed as a popular mandate from, uncompromising opposition to the Muslim Brotherhood.

the Muslim Brotherhood. The new Egyptian government illegalized the Brotherhood, rounded up its leadership and cadres, and suppressed pro-Brotherhood protesters with overwhelming and deadly violence that claimed hundreds of lives. The Sisi government emerged as one of the most implacable and vigilant opponents of the Brotherhood movement not only in Egypt but across the Middle East, and this has served as the basis of a strong affiliation with the UAE, which also opposes all forms of political Islam. Yet it has not been a disaster for Egypt's relations with Qatar, tensions over Al Jazeera notwithstanding, in part because Doha has been forced to recognize that Brotherhood parties are not likely to dominate post-dictatorship politics in Arab republics and that their exclusive reliance on these movements to project their influence had proved to be an unwise and ineffective policy. Qatar began to reduce its support for the Brotherhood movement, which had been organized around the figurehead of Egyptian cleric Sheikh Yusuf al-Qaradawi. It instead worked to diversify the ideological orientation of its regional allies, particularly by intensifying support for Arab nationalist voices, many of which were organized around the Palestinian former member of the Israeli Knesset, Azmi Bishara.

Just as Qatar has been moving away from concentrated support for the Brotherhood movement, under its new monarch, Saudi Arabia has been easing its opposition to Brotherhood-oriented parties. King Salman has long been seen as more sympathetic to religious conservatives than his predecessor, King Abdullah. Moreover, Saudi Arabia has been increasingly attempting to maximize the Sunni Arab coalition opposing Iran and its allies. Since the Brotherhood appears to no longer pose a serious political or religious challenge to Saudi Arabia because of its decline and disarray, Riyadh has significantly softened its stance against Brotherhood-related parties. They have even made use of the Yemeni wing of the movement in parts of Yemen where Saudi Arabia has taken the lead in developing new governing structures in areas liberated from control by the Houthi rebels and their allies. The UAE and Egypt, by contrast, remain unambiguously opposed to all Islamist movements, including the Brotherhood, which both regard as a terrorist organization. This has led to joint Egyptian-Emirati military operations in Libya against Islamist militias, some of which are reportedly supported by Qatar. And it has been the source of diverging goals and methods in Yemen between Saudi Arabia and the UAE, which has avoided using Yemeni Muslim Brotherhood leaders in post-conflict stabilization efforts in the areas of the country in which Emiratis have taken the lead.

Who is Sunni? The Grozny Conference

The common antipathy against politicized Islam in all its forms has provided the basis for Egyptian and Emirati cooperation on religious and political matters, as well as a developing rivalry both have with Qatar and Saudi Arabia regarding the proper interpretation of Islamic doctrine and practice, and the role of religion in politics and society. Both Saudi Arabia⁴¹ and the UAE⁴² – to some extent on different sides of questions regarding political Islam among GCC members – both provided significant funding for the relatively moderate Egyptian Al-Azhar University, which is a bastion of traditional Sunni Muslim learning and advocacy. The UAE's main aim has been to use Al-Azhar as a counterweight⁴³ to politicized Islam, and Islamism in general. Saudi Arabia, by contrast, has been trying to enlist Al-Azhar in the project of maximizing Sunni Muslim unity against Iran and its largely Shia Muslim alliance.⁴⁴

The growing alliance between the UAE and Egypt in opposition to Islamism led to an extraordinary three-way intervention in August in the global Islamic dialogue, bringing these two states together with Russia to host a major conference in Grozny, Chechnya. Often referred to as the “Who is Sunni” conference, the Grozny meeting openly aimed at promoting⁴⁵ moderate and apolitical versions of Sunni Islam to counter various extremist, radical, violent, and revolutionary versions sweeping the Middle East and other parts of the Islamic world. Over 200 clerics and other figures from around the Islamic world attended the conference, but none from Saudi Arabia. Indeed, some Saudis⁴⁶ angrily referred to the conference as an attack on Saudi Arabia and/or its ultraconservative quasi-official version of Islam. Other Saudi commentators even called for cutting aid to Egypt because of its official support for the conference.⁴⁷

However, Saudi Arabia's very significant investments⁴⁸ in Al-Azhar appeared to pay off, as the institution's officials insisted that the conference was in no way an attack on Saudi Arabia or its versions of Islam, and that there is “no conflict between al-Azhar and Saudi Arabia.”⁴⁹ The officials insisted⁵⁰ that both the University and Saudi Arabia were simply opposed to the growing influence of Shias in the Middle East and the Islamic world. However, at least one Al-Azhar professor pointedly criticized the Saudi and Emirati intervention in Yemen at the conference.⁵¹ The Grozny conference didn't do much, apparently, to alter the conversation among global Muslims or create a new momentum for moderate or apolitical versions of Sunni Islam. But it did highlight the

41 [“Saudi Arabia Is Planning to Recruit ‘Al-Azhar’ against Iran,”](#) *AWD News*, July 6, 2016.

42 [“UAE to Fund Projects Undertaken by Al Azhar in Egypt,”](#) *Gulf News*, July 5, 2012.

43 Mohammed Almezal, [“Combating Extremism? Al Azhar Unveils Plan,”](#) *Gulf News*, August 5, 2015.

44 Ibid.

45 Kristin Smith Diwan, [“Who Is Sunni?: Chechnya Islamic Conference Opens Window on Intra-Faith Rivalry,”](#) *Arab Gulf States Institute in Washington*, September 16, 2016.

46 Ahmed Megahid, [“Grozny Conference Stirs Criticism of Al-Azhar,”](#) *The Arab Weekly*, September 18, 2016.

47 Ibid.

48 Ibid.

49 Ibid.

50 Ibid.

51 Noura Ali, [“A Prominent Al-Azhar Scholar: The UAE and Saudi Fighters Killed in Yemen Are Aggressors,”](#) *Middle East Observer*, September 7, 2016.

increasing common interests on the question of politics and religion between Egypt and the UAE, as well as a surprising potential common ground with Russia, and possibly other new players in the conversation. And it certainly illustrated that on the issue of politicized Islam, which might be the biggest driving factor in regional politics other than the rise of Iran and its allies, Egypt finds itself much more closely aligned with the UAE than any of the other GCC countries.

Syria

The differences between Egypt and the Gulf states are strongly reflected in the divergence in policy toward Syria between Cairo and Riyadh. Saudi Arabia and Qatar have, along with Turkey, been among the strongest supporters of the armed opposition in Syria and have insisted on regime change. Saudi Arabia and Qatar have armed, funded, and supported a variety of rebel groups, including some that are regarded as unacceptably radical by Egypt, the United States, and the UAE. Egypt, by contrast, is one of the most influential Arab states that has adopted and championed the stance that the continuation of the conflict in Syria is more damaging and destabilizing than the persistence of the regime and the concomitant continued strong Iranian influence over Syrian foreign and national security policy.

Egypt has made its opposition to regime change in Syria increasingly explicit in recent months. After meeting with Iran's Foreign Minister Mohammad Javad Zarif in September, Egypt's Foreign Minister Sameh Shoukry bluntly stated that, "The Coalition fighting in Syria may want to change the regime in the country, but that is not Egypt's position."⁵² He added that these "differences [with Saudi Arabia over Syria] do not mean we have a problem. It's just a difference in point of view," a comment that was apparently designed to emphasize that Egypt was not abandoning its partnership with Saudi Arabia in order to seek closer relations with Iran.

Iran

Yet Egypt, ironically with no full diplomatic relations with Tehran, has improved its ties with Iran more than most of the Gulf states are comfortable with, with the probable exception of Oman. Their evolving understanding⁵³ on Syria is a major factor driving this thaw. Egypt may be positioning itself to act as a mediator between Iran and Saudi Arabia at some future date when dialogue becomes more appealing, and hence plausible. Contrary to Saudi Arabia, Egypt traditionally considered Shia Islam as merely another school of Islamic jurisprudence. During the monarchy, Shah Mohammad Reza Pahlavi married Princess Fawzia from the Mohamed Aly Dynasty in the 1940s. The republican regime of 1952 and afterward did not depart from this tradition and Al-Azhar in 1956 opened for teaching the tenets of Shia Islam. Iranian-Egyptian relations were strained for many years, not least because Cairo welcomed the shah after he was overthrown by the Islamic Revolution in 1979. But particularly during the administration of President Mahmoud Ahmadinejad in Tehran, Iran's relations with Egypt began to thaw. In 2012, Ahmadinejad became the first Iranian president to visit Cairo since the revolution, for a

Egypt may be positioning itself to act as a mediator between Iran and Saudi Arabia...

⁵² Camelia Entekhabifard, "Iranian-Egyptian Meeting," *Al-Ahram Weekly*, September 29, 2016.

⁵³ Rohollah Faghihi, "How Syria Is Pushing Egypt and Iran Closer," *Al-Monitor*, October 18, 2016.

summit meeting of the Organization of Islamic Cooperation. He returned for a second visit in February 2013. Shoukry and Zarif met during the September U.N. General Assembly meeting in New York, in a gesture that signaled Iran's interests in outreach to major Arab countries and Egypt's willingness to pursue possible improved relations. Russian and Iranian media accounts,⁵⁴ which have to be regarded with some skepticism, claimed that Saudi Arabia was "greatly angered" by this outreach and threatened to cut aid to Egypt. But even if such claims are exaggerated, Iran's rhetoric on the issue suggests an intention to drive a wedge between Cairo and Riyadh.

In early October, Saudi Aramco announced that it was halting the supply of refined oil products to Egypt.⁵⁵ The message having presumably been received as intended, the next day, shipments were resumed.⁵⁶ However, strained relations more broadly, and threats to Egypt's oil supplies from Saudi Arabia in particular, have prompted Cairo to reach out to Baghdad in search of an alternate provider of badly needed energy. Egyptian media reported that Iraq will now be supplying Egypt with 1 million barrels of oil per month, which comes close to meeting the country's oil requirements.⁵⁷ If realized, this development would help to free Egypt from exclusive dependence on GCC-produced oil, and broaden Iraq's Middle Eastern network, particularly with Sunni-majority Arab countries. It could also have the effect of providing Iraq with some breathing room in what otherwise may be a suffocating Iranian embrace.

Yemen

Egypt has not played the dynamic military role in the conflict in Yemen that some of the Gulf states, most notably Saudi Arabia and the UAE, had initially hoped. It appears that there was no formal request for Egyptian ground troops, but certainly these countries had hoped for greater Egyptian engagement in efforts to restore the government of President Abd-Rabbu Mansour Hadi and reverse the gains of the Houthi rebels and their allies. Nonetheless, Egypt has played a limited role in the conflict. In March 2015, Egyptian warships were deployed off the Yemeni coast.⁵⁸ In September of that year, Egypt said that 800 troops had deployed as part of a Saudi-led coalition along with military vehicles.⁵⁹ Some reports suggest Egyptian armed forces have been involved in training pro-Saudi and Emirati Yemeni forces.⁶⁰ In January 2016, Egypt formally extended its limited military role in Yemen for another year.⁶¹

Libya

Egypt has engaged in a number of military actions in the neighboring, chaotic state of Libya, several times in coalition with the UAE. Egypt and the UAE are key backers of anti-Islamist forces in Libya, many of them led by General Khalifa Hifter, who has also been one of the key opponents of the internationally organized national unity government. Qatar has often been accused of aiding Libyan Islamists, often on the other

⁵⁴ ["Saudi Arabia Angered by the Meeting between Egyptian Foreign Minister and His Iranian Counterpart,"](#) *Mehr News Agency*, September 25, 2016.

⁵⁵ ["Saudi Aramco Informed Egypt about Suspending Oil Product Supply: Official,"](#) *Reuters*, October 10, 2016.

⁵⁶ ["Saudi Aramco Resumes Refined Oil Shipment to Egypt,"](#) *Anadolu Agency*, October 12, 2016.

⁵⁷ ["Egypt Seeks to Diversify It's Energy Sources,"](#) *Youm7*, October 17, 2016.

⁵⁸ ["Saudi, Egyptian Warships Move into Strait as Yemen Airstrikes Widen,"](#) *Military Times*, March 27, 2015.

⁵⁹ ["Egypt Sends up to 800 Ground Troops to Yemen's War,"](#) *Reuters*, September 9, 2015.

⁶⁰ ["Army Spokesman Talks about the Role of Egypt Army in Yemen,"](#) *Ababiil*, January 13, 2016.

⁶¹ ["Egypt Extends Participation in Yemen Conflict,"](#) *Reuters*, January 14, 2016.

side of this battle, pitting the clients of the two Gulf states against each other in far away Libya. In August 2014, the UAE and Egypt conducted airstrikes against Islamist militias in Libya.⁶² In 2015, Egypt conducted airstrikes against ISIL camps in Libya in retaliation for ISIL's beheading of 21 Egyptian Christians.⁶³ In March 2016, Sisi called⁶⁴ for international support for Hifter, and in September, UAE fighter jets reportedly flew missions in support of his forces in Libya.⁶⁵ Also in September, Egyptian officials reiterated Egypt's right to intervene in Libya to safeguard its national security interests.⁶⁶ The coalition between the UAE and Egypt in Libya is, perhaps, one of the strongest indications of their shared antipathy toward Islamists and determination to help viable anti-Islamist forces in key Arab states.

Military Cooperation

As part of their collaborative/competitive relationship, Egypt and Saudi Arabia have taken the lead in a number of joint command projects and military exercises. The two countries have been attempting to build closer military relations for some years, although anything remotely approaching actual integration remains aspirational. However, in July 2015, Egypt and Saudi Arabia issued the "Cairo Declaration,"⁶⁷ which outlines six facets of cooperation between the two countries including stronger military ties and plans to establish a joint Arab League military command, which is still being negotiated. Egyptian forces took part in the vast, multinational Saudi-led Northern Thunder military exercises in February 2016.⁶⁸ And in August, the Egyptian army's chief of staff made a high-level visit to Saudi Arabia to bolster military ties and attend the seventh session of the Saudi-Egyptian joint military committee.⁶⁹

As part of their collaborative/competitive relationship, Egypt and Saudi Arabia have taken the lead in a number of joint command projects and military exercises.

In November 2014, Egyptian, Saudi, Emirati, and Kuwaiti leaders discussed the prospect of establishing a joint command to fight terrorists and counter Iranian influence.⁷⁰ Jordan and Bahrain also expressed interest in joining this alliance. The idea of a joint Arab or Arab League military force was probably first floated⁷¹ in recent years by Egypt's president, and in March 2015 Arab League foreign ministers agreed to create such a joint command and

⁶² David Kirkpatrick and Eric Schmit, "[Arab Nations Strike in Libya, Surprising U.S.](#)," *The New York Times*, August 25, 2014.

⁶³ "[Egypt Calls for Foreign Intervention in Libya](#)," *Al Jazeera*, February 17, 2015.

⁶⁴ "[Egypt's Sisi Says Libya Intervention Risky, Supports Eastern Commander](#)," *Reuters*, March 17, 2016.

⁶⁵ Karim El-Bar, "[UAE Pilots Flying Sorties for Haftar in Skies over Libya](#)," *Middle East Eye*, September 13, 2016.

⁶⁶ "[Egypt Could Intervene Militarily in Libya to Secure Border](#)," *Middle East Monitor*, September 28, 2016.

⁶⁷ "[Egypt, Saudi Arabia issue 'Cairo Declaration' to strengthen cooperation](#)," *Ahram Online*, July 30, 2015.

⁶⁸ "[Saudi Arabia Concludes 20-Nation Anti-Terror Military Drill](#)," *Associated Press*, March 10, 2016.

⁶⁹ "[Egypt's Army Chief of Staff in Saudi Arabia for Joint Military Talks](#)," *Ahram Online*, August 2, 2016.

⁷⁰ Hamza Hendawi, "[Saudi Arabia and Egypt Are Closer than Ever to Creating an Arab Air Force](#)," *Associated Press*, March 27, 2015.

⁷¹ "[Egypt's Arab Military Force Proposal Referred to Arab League Summit](#)," *Ahram Online*, March 24, 2015.

force.⁷² Participation was deemed voluntary. An ambitious plan⁷³ was set forward for the creation of this mechanism, but it has not yet been realized.⁷⁴ However, during his visit to Egypt in April 2016, Saudi King Salman again referenced the need for a “joint Arab military force” during his speech to the Egyptian Parliament.⁷⁵

Egypt has also developed bilateral military relations with other GCC countries, including allowing UAE fighter jets to deploy from its airbases to conduct airstrikes against Islamist forces in Libya in 2014.⁷⁶ In March 2014, the UAE and Egyptian militaries conducted their biggest ever joint military exercise.⁷⁷ This was followed by a second exercise, including the use of live ammunition, in December 2014.⁷⁸ For four days in March 2016, Egypt and the UAE, along with the United States, conducted joint naval exercises in the Red Sea, which was considered a breakthrough in relations between the three states.⁷⁹ In April, Egypt and the UAE conducted yet another military and naval joint exercise⁸⁰, and in June the two countries held high-level discussions on strategic partnerships, including military cooperation.⁸¹

Egypt has also pursued closer military ties to Kuwait, and in September 2014, at the eighth meeting of the joint Kuwaiti-Egyptian military committee, the countries agreed on a military cooperation arrangement.⁸² In April 2016, their air forces conducted a joint training exercise.⁸³ In April 2015, Egyptian and Bahraini naval and air forces conducted a joint exercise,⁸⁴ and in April 2016 the king of Bahrain stressed support for Egypt’s counterterrorism efforts and national stability, and stressed the need for additional military cooperation.⁸⁵

Additional Significant Nonstrategic Ties

The Gulf Arab countries and Egypt have additional significant nonstrategic ties that further solidify their partnerships. As noted, there has been a significant exchange in expatriate workers, laborers, and other residents from both sides. As of 2016, there are approximately 4.5 million Egyptians living in GCC countries according to statistics from the Egyptian Expats Union.⁸⁶ Nearly 2 million Egyptians reportedly live in Saudi Arabia, with an additional 700,000 in Kuwait. By 2014, 180,000

⁷² Rory Jones and Tamer El-Ghobashy, [“Arab League Agrees to Create Joint Military Force,”](#) *The Wall Street Journal*, March 29, 2015.

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ [“King Salman Reaffirms the Need for a Joint Arab Military Force,”](#) *RT Arabic*, April 10, 2016.

⁷⁶ David D. Kirkpatrick, [“Egypt Launches Airstrike in Libya Against ISIS Branch,”](#) *The New York Times*, February 16, 2015.

⁷⁷ [“Joint UAE-Egypt Military Exercise Concludes,”](#) *Khaleej Times*, March 14, 2014.

⁷⁸ [“Military Aircraft Crashes in Joint UAE-Egypt Military Exercise,”](#) *Al Arabiya*, December 18, 2014.

⁷⁹ [“Egypt, UAE and US Conclude Red Sea Naval Exercise,”](#) *Ahram Online*, March 24, 2016.

⁸⁰ [“Egypt and UAE Continue Joint Naval Exercise in Arabian Gulf,”](#) *Ahram Online*, April 17, 2016.

⁸¹ [“Egypt, UAE Chiefs of Staff Discuss Military Cooperation,”](#) *Nile TV*, June 1, 2016.

⁸² [“Kuwait, Egypt Sign Military Deal,”](#) *Kuwait Times*, September 25, 2014.

⁸³ [“Egyptian Air Force Units in Kuwait for Joint Military Training,”](#) *Ahram Online*, April 10, 2016.

⁸⁴ [“Egypt to Participate in ‘Hamad 1’ Joint Drill,”](#) *Bahrain News Agency*, April 21, 2015.

⁸⁵ [“Egypt and Bahrain Reaffirm Ties with Security Top of the Agenda,”](#) *Africa News*, April 27, 2016.

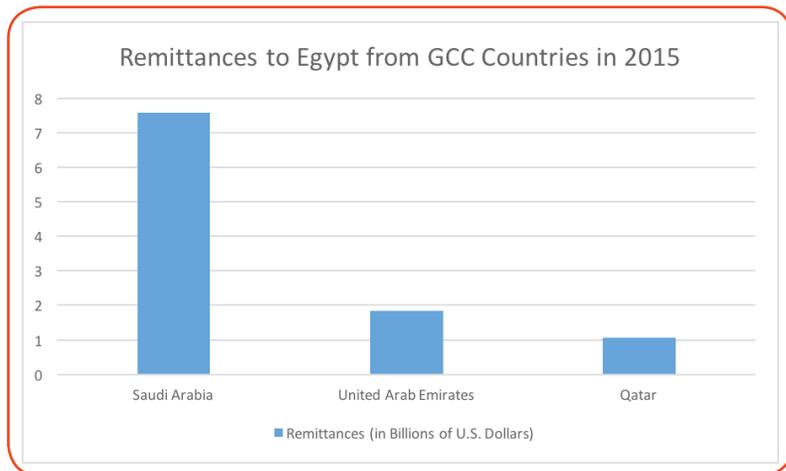
⁸⁶ Taha Sakr, [“Deteriorated Economy Forces Egyptians to Endure ‘slavery’, Maltreatment in Saudi Arabia and Kuwait,”](#) *Daily News Egypt*, August 20, 2016.

Egyptians were living in Qatar.⁸⁷ In 2015, 22,000 Egyptians lived in Bahrain, making up 1.57 percent of the population.⁸⁸ In 2014, nearly 400,000 Egyptians were living in the UAE, 67,000 of whom were able to vote in the Egyptian constitutional referendum from there.⁸⁹ Moving in the opposite direction, a large number of Gulf Arab state citizens reside in Egypt because of family or investment ties. There are thought to be up to 1 million Saudis and 150,000 Kuwaitis living primarily in Egypt.

In addition, remittances from Egyptian workers living in the Gulf Arab countries are a significant source of foreign exchange for Egypt. In 2016, the World Bank released statistics showing that Egypt is the leading recipient of remittances from the Gulf in the Middle East region. For example, Egyptians residing in Saudi Arabia sent \$7.57 billion in remittances to Egypt in 2015.⁹⁰ In the same year, Egyptians in the UAE sent \$1.83 billion to Egypt.⁹¹ Egypt also was the largest recipient of remittances from Qatar in 2015 with around \$1.05 billion.⁹² In addition, approximately 86,000 Egyptian pilgrims visited Saudi Arabia to perform the hajj pilgrimage in 2016, which provides a significant degree of foreign exchange transfer in the other direction.⁹³

In 2015, the trade volume between Saudi Arabia and Egypt reached \$6.35 billion, an increase of \$250 million from 2014.⁹⁴ According to Egypt's Minister of Trade and Industry Tarek Kabil, in the first half of 2016,

there was a 112 percent increase in Egyptian exports to the UAE, growing from \$530 million in the first half of 2015, reaching \$1.125 billion.⁹⁵ However, he noted that Egyptian imports from the UAE dropped from \$629 million in the first half of 2015 to \$361 million over the same period in 2016, declining by 43 percent. For the first time, the bilateral trade balance shifted in Egypt's favor recording a surplus of \$746 million, in comparison with the recorded \$99 million deficit in trade in the first half of 2015.⁹⁶ Moreover, according to UAE Economy Minister Sultan bin Saeed Al Mansouri, as of the first quarter of 2016, trade volume in free zones between the two countries had reached \$2.3 billion.⁹⁷ Bahrain's trade volume with Egypt increased to \$320 million in 2014



⁸⁷ Jure Snoj, "Population of Qatar by Nationality," *BQ Magazine*, July 12, 2014.

⁸⁸ Ibid.

⁸⁹ Samir Salama, "Egyptian Expatriates in UAE Vote on Draft Constitution," *Gulf News*, January 8, 2014.

⁹⁰ "Kingdom Becomes Top Remittance Contributor to Egypt," *Arab News*, June 13, 2016.

⁹¹ Shaimaa Al-Aees, "Remittances from UAE to Egypt Expected to Remain Robust," *Daily News Egypt*, August 16, 2016.

⁹² "Steep Increase Recorded in Expat Remittances," *Online Qatar*, July 27, 2016.

⁹³ "3 More Egyptians Die during Pilgrimage in Saudi Arabia," *Daily News Egypt*, September 9, 2016.

⁹⁴ Patrick W. Ryan, "Saudi-Egyptian Trade, Investment Ties Headline King Salman's Visit," *Al Arabiya*, April 8, 2016.

⁹⁵ Shaimaa Al Aees, "112% Increase in Egyptian Exports to UAE: Minister of Trade and Industry," *Daily News Egypt*, August 22, 2016.

⁹⁶ Ibid.

⁹⁷ "UAE's Investments in Egypt Hit \$4.5bn," *Mubasher Info*, March 29, 2016.

from \$181 million in 2013.⁹⁸

Saudi Arabia and Egypt signed a \$16 billion investment deal in April 2016 during King Salman's visit to Cairo.⁹⁹ According to Mansouri, total UAE investments in Egypt by the first quarter of 2016 had reached around \$4.5 billion, with 520 Emirati companies working in real estate and commercial projects and other Egyptian sectors.¹⁰⁰ Kuwait's investments in Egypt totaled \$1.9 billion,¹⁰¹ as of 2015, focused mainly in the industrial, real estate, tourism, and banking sectors. As of 2016, Bahrain had invested an estimated \$1.7 billion in Egypt.¹⁰² Egypt also approved a \$2.16 billion project by the Qatari Diar company to build hotels, shopping malls, and residential apartments in Egypt.¹⁰³

Conclusion

The partnership between Egypt and the Gulf countries is regarded by both sides as indispensable, because both are committed to upholding the regional status quo. Both parties also look to the United States as the ultimate global guarantor of this regional order, and the broader international context into which it fits, although questions are being raised because of the uncertainty of what new approaches the administration of President-elect Donald Trump may introduce, if any, into traditional U.S. consensus foreign policy approaches. But this very uncertainty only underscores the need for countries like Egypt and the GCC states to emphasize self-reliance and cooperation with each other in order to minimize dependence on Washington, which they increasingly feel may be unreliable.

As long as the Egyptian government remains stable and committed to opposing the spread of both Iranian influence and the rise of religious and political extremism in the Middle East, the Gulf countries are likely to continue to regard Egypt as "too big to fail." There has been a marked decline in cash treasury-to-treasury transfers and a shift in support to more dedicated projects and investments by the Gulf countries in Egypt. Yet without such support it would have been much more difficult for Egypt to secure the new IMF loan that essentially underwrites its near-term economic future. The Egyptian-Gulf partnership is, in effect, the bulwark of stability and potential regional influence for the traditional Sunni Arab political order against both Iranian hegemony and the rise of Islamists ranging from the Muslim Brotherhood to violent Salafist-jihadist groups like al-Qaeda and ISIL. Therefore, the partnership is fundamentally sound, even as deep levels of competition at various registers are built into the arrangement, and is almost certain to continue into the foreseeable future, barring major political transformations in either Egypt or the Gulf region.

98 ["Egypt, Bahrain Sign 11 MoUs at Joint Business Forum,"](#) *Ahram Online*, April 26, 2016.

99 Ali Abdelaty, ["Egypt, Saudi Arabia Sign 60 Billion Saudi Riyal Investment Fund Pact,"](#) *Reuters*, April 9, 2016.

100 Ibid.

101 ["Kuwait, the Gulf's Third Largest Investor in Egypt,"](#) *Aswat Masriya*, January 7, 2015.

102 Ramadan Al Sherbini, ["Bahrain King Starts Visit to Egypt,"](#) *Gulf News*, April 27, 2016.

103 ["Qatari Diar Gets Green Light for \\$2.16bn Egypt Construction Projects,"](#) *Africa Property News*, January 21, 2015.

