

Security cooperation with Egypt

# The costs of making Egypt an intimate partner on security affairs

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The German government has abandoned its long-held refusal to deliver weapons to conflict zones in response to the war in Ukraine. Amid the realisation that Germany may have to set aside its restraint when the existence of democratic partners is threatened, Chancellor Scholz announced that the Ukrainian army would be supplied with stinger missiles and anti-tank weapons. This historic reversal of a policy rooted in the legacy of World War II was lauded as an act of solidarity with the besieged Ukrainians. But it has also raised concerns that the German government might throw out the baby with the bathwater and abandon restrictions of arms exports to autocracies, too, when Russia's invasion actually highlights the need to scrutinise current armament and defense policy – especially vis-à-vis autocracies. A case in point is the security cooperation with Egypt: The US and Germany have sealed large arms deals with Egypt and the EU seeks a counter terrorism partnership. These initiatives were heavily criticised by advocates of a more restrictive export policy – one conditioned on respect for human rights. But they also carry significant economic and socio-political costs.

**“Is it really in Europe’s interest to put Egypt at the head of a multilateral platform with far-reaching influence on global security policies? Does it really want to turn Egypt into a regional military power with blue-water naval capabilities rather than support investment in its people?”**

First, such arms deals raise questions about development priorities. Money spent on military aircraft, ships, and radar systems is not available to fight poverty or upgrade dilapidated schools and hospitals. The \$7.5 billion arms deals are equivalent to nearly three quarters of Egypt's education budget, or 75% of its yearly basic food import bill. They exceed the entire healthcare budget in times of pandemic. The prioritisation of arms acquisitions over domestic investment to narrow development gaps threatens the country's economic viability, social cohesion and, ultimately, stability. Instead, huge additions to the import bill put pressure on Egypt's currency. The country's domestic debt is concentrated in Egyptian pound dominated treasury bills, and inflation has caused real interest rates to plummet, wiping out their profits and value. Paired with the expected rise in US interest rates and a lack of profitable investments at home, this development has led foreign and local funds to flee Egypt in search of safer markets. These monetary pressures widen the gap between Egypt's managed exchange rate and the actual market rate. Overvaluation, in turn, puts pressure on the current account deficit, making a

devaluation of the pound imminent. Attempts to fight it only risk depleting reserves and further depressing the value of the pound. The new imports also increase the country's external debt. But servicing the debt will be more expensive after devaluation, affecting the government's ability to deliver essential services to its citizens and crowding out productive investments.

Furthermore, the arms deals undermine Western commitments to a rights-based foreign policy approach and the ability to act as a trustworthy partner for civil society. Such concerns are often brushed aside in Brussels or Berlin where security cooperation is justified as unfortunate but necessary realpolitik. German export policy vis-a-vis Egypt operates according to the dogma "all that floats goes" coined by former Foreign Minister Genscher. Accordingly, arms sales can be justified if they cannot be used against civilians. This explains why submarines and ships make up the bulk of German arms exports to autocracies. What this perspective ignores is that the sale of military grade equipment to repressive regimes has tangible consequences beyond the delivered items. It emboldens recipients and widens their room of manoeuvre. Genscher's dictum may absolve diplomats of their guilty consciences, but human rights advocates who demand strict conditionality in bilateral relations will not be convinced that dependencies established through major arms deals won't jeopardise a tough stance on rights violations.

This also applies to the European-Egyptian bid to co-chair the Global Counterterrorism Forum, despite Egypt's widely documented rights abuses committed under the cover of the war on terror. The enthusiasm to partner with Egypt on counterterrorism is even harder to comprehend than the arms deals, as it cannot be explained by economic interest. More importantly, it does a disservice to attempts at developing effective PVE/CVE-policies on the multilateral level. Cooperation with authorities that promote an extremely repressive legal definition of terrorism, tailored to encompass all political opponents, politicises the threat assessment processes that guide global counterterrorism efforts. Their recognition legitimises oppressive structures that drive radicalisation and undermines rights-based approaches to confront political violence.

Is it really in Europe's interest to put Egypt at the head of a platform with far-reaching influence on global security policies? Does it really want to turn it into a military power with blue-water naval capabilities rather than support investment in its people? Besides the risks of a massive arms build-up in the region – a risk shown plainly by the conflict escalation in Ukraine – security cooperation on this scale carries reputation costs. At best, it is perceived as ignorant and narrowly guided by economic interest. At worst, it is interpreted as manifest support for brutal authoritarian structures.