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Research Report

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SWP Comments, No. 35/2012

Provided in Cooperation with:

Stiftung Wissenschaft und Politik (SWP), German Institute for International and Security Affairs, Berlin

Suggested Citation: Roll, Stephan; Grimm, Jannis (2012) : Egyptian foreign policy under Mohamed Morsi: Domestic considerations and economic constraints, SWP Comments, No. 35/2012, Stiftung Wissenschaft und Politik (SWP), Berlin

This Version is available at:

<https://hdl.handle.net/10419/256216>

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Egyptian Foreign Policy under Mohamed Morsi

Domestic Considerations and Economic Constraints

Jannis Grimm and Stephan Roll

Since taking office, President Mohamed Morsi has clearly set himself apart from his predecessor Hosni Mubarak, as reflected in two trends: asserting a regional leadership role for Egypt and opening Cairo's foreign policy to new potential partners. But although Morsi comes from the Islamist Muslim Brotherhood, his foreign policy is not one of fundamental ideological reorientation. Instead, he seeks to boost popular support through foreign policy activism and thus compensate for lack of success in economic and social policy. However, given the lack of possibilities to exert influence, Egypt is in little position to fill out a regional leadership role. And in view of the difficult economic situation neither the President nor the Muslim Brotherhood leadership backing him have any interest in alienating Egypt's traditional partners.

Mubarak's foreign policy was directed above all at preserving the status quo. Proactive foreign policy, a regional leadership role or engagement for the Palestinian cause were not on the agenda. Precisely Egypt's geo-strategic restraint made it a guarantor of regional stability and a reliable ally for Washington. Morsi, by contrast, declared restoring Egypt's historical predominance the foreign policy leitmotif of his presidency when he took office at the end of June 2012. His authoritative appearances at the Arab League, at the summit of the Non-Aligned Movement and before the General Assembly of the United Nations reflected a new national confidence and conveyed a clear message: The legitimate

democratic leadership of the largest state in the region would not be willing to let anyone dictate its choice of foreign policy partners any longer.

Following this line, Morsi paid little heed to established relations during his first three months, whether in shaping the foreign policy agenda or in drawing up travel plans. His first trips were not to the United States or Europe, but to Ethiopia, Saudi Arabia, China and Iran. At the African Union summit in Addis Ababa Morsi underlined Africa's outstanding importance for Cairo. In Riyadh he evoked the close ties between Egypt and Saudi Arabia, as the two largest Arab nations. It was there that Morsi also launched an "Islamic"

peace initiative to resolve the Syria conflict, involving Iran alongside Saudi Arabia, Turkey and Egypt. Another step closer to Iran was Morsi's participation in the summit of the Non-Aligned Movement in Tehran. His visit marked a turning point, given that the two countries have been without full diplomatic relations since 1979, the year of Egypt's recognition of Israel and Iran's Islamic Revolution. At the same time Cairo intensified contacts to Hamas, which further amplified the impression of an "Islamisation" of Egyptian foreign policy. After distancing itself from Bashar al-Assad, its longstanding host in Syria, Hamas is even considering moving its Political Bureau to Cairo.

Who Sets the Foreign Policy Agenda?

Another reason why Morsi's foreign policy assertiveness astonished many observers was that he had been regarded as utterly inexperienced in this field. Which makes the question who is currently setting Egypt's foreign policy course all the more relevant.

Under Mubarak decisions were settled within the president's immediate circle. After the popular Foreign Minister Amr Moussa left in 2001 to lead the Arab League, the foreign ministry was reduced to a side role. Instead the General Intelligence Service (GIS), which answers directly to the president, took charge of the central issues of foreign policy. GIS chief Omar Suleiman was considered Mubarak's most important adviser, and was the number one Cairo contact for foreign governments.

After the military seized power at the beginning of 2011 the foreign ministry initially gained ground at the expense of the intelligence service. Nabil al-Arabi, a popular figure from the foreign policy establishment, was appointed foreign minister, initiating the rapprochement with Iran and a limited opening of the Gaza border. When al-Arabi left to become secretary-general of the Arab League in July

2011, however, the Foreign Ministry's star waned again. His colourless successor, the career diplomat Mohamed Kamel Amr, is not attributed any foreign policy ambitions of his own, nor did any substantive impulses come from the military leadership. Although the Supreme Council of the Armed Forces appeared to be placing strict limits on the newly elected president's foreign policies, the Council reshuffle of August 2012 seems to have given Morsi free rein here. However, it must still be assumed that the President keeps the interests of the armed forces firmly in mind, above all the army's desire to retain annual US military aid of \$1.3 billion.

Morsi secured diplomatic expertise by appointing Rifaa el-Tahtawi as head of the presidential office. El-Tahtawi is an experienced and respected career diplomat who formerly represented Egypt in Tehran and Tripoli and served briefly as deputy foreign minister. However, el-Tahtawi, who is rumoured to be close to the Muslim Brotherhood, by no means formulates the foreign policy agenda alone. Instead decisions are apparently made in close consultation with leading figures within the movement and its Freedom and Justice Party (FJP). This is clearly reflected in the appointment of Essam el-Haddad as Presidential Assistant for Foreign Relations and International Cooperation. El-Haddad, a member of the Brotherhood's Guidance Office, has been seen as the group's "foreign minister" due to his extensive network of contacts to Western actors. But above all al-Haddad is a close confidant of the Brotherhood's deputy spiritual leader (murshid) and strategic mastermind Khairat el-Shater. El-Shater is regarded as the Brotherhood's currently most powerful functionary and a political pragmatist. As a major business-owner he represents particularly the interests of the movement's ascendant business wing, which also has another voice in the presidential office in the shape of businessman Hassan Malek. In July 2012 Malek was appointed spokesperson of a committee of business leaders set up by Morsi to mediate

between the presidential office and the private sector. He also led the high-ranking business delegation that accompanied Morsi to China on his first state visit.

A Complex Web of Interests

Despite the recognisable influence of the Muslim Brotherhood, the new Egyptian foreign policy is no “Islamist” project. In fact there is a rare consensus across Egypt’s various political camps concerning the country’s regional leadership role. And ending one-sided dependency on the West is also supported by most political actors. But above all, Morsi’s assertive foreign policy is extremely popular in the broader population. And that is in all probability the main motivation for his course. For although Morsi campaigned primarily on economic and domestic social policy, he has yet to record any noteworthy successes in those fields, and was unable to keep his promise that living conditions would improve tangibly within the first hundred days of his presidency. Instead the country faces severe short- and medium-term cuts as long-overdue economic and social reforms are implemented. With an eye to the 2013 parliamentary elections, Morsi is instrumentalising foreign policy to distract from unpopular decisions that could endanger the FJP’s electoral success.

This carefully orchestrated show of foreign policy reorientation is, however, at odds with Egypt’s limited possibilities. The country lacks the financial resources and military means for regional power projection. But above all, the new course at least partly contradicts the economic interests of the new leadership. Ultimately, in the short term, Morsi’s government needs to keep the country solvent. Since the political transformation began, its foreign exchange reserves have more than halved, to currently about \$15.5 billion. The country faces the possibility of a currency devaluation leading to sharp price increases. To avoid that it needs massive foreign financial aid. In this context diversifying inter-

national partners certainly appears a sensible way to enhance its negotiating position. But especially in view of the dire budget situation it is not in Egypt’s interest to rebuff its traditional partners. The country is too dependent on financial assistance from the United States and the EU, and from international donor institutions dominated by the West.

Alongside the budget problem, Morsi and his advisers certainly weigh up foreign policy decisions in relation to the country’s long-term economic development. More than 50 percent of Egyptian exports go to the EU and the United States. And until 2011 more than two thirds of net foreign direct investment originated from those regions. The influential business wing of the Muslim Brotherhood is plainly keenly aware of this dimension. That at least is the implication of the numerous meetings with representatives of Western corporations already held by Egypt’s new leadership. Besides, functionaries such as Khairat el-Shater and Hassan Malek will be interested not only in the Brotherhood’s long-term electoral prospects, but also their own financial opportunities in cooperation with Western companies.

Successful Symbolic Politics

Given his limited means for dealing with colliding interests, Morsi’s foreign policy remains largely symbolic. In fact, little has changed since the Mubarak era. Warmer relations with Hamas have led neither to a comprehensive opening of the Gaza border nor to any detectable deterioration in Israeli-Egyptian security cooperation. Instead the Egyptian crack-down on criminal and terrorist structures in the Sinai is plainly closely coordinated with Israeli. In October Morsi also rejected the idea of a free-trade area with Gaza, announcing instead a further tightening of measures to stamp out cross-border smuggling of goods through underground tunnels. The loudly trumpeted regional leadership aspirations remain largely devoid of substance too:

Morsi's Syria initiative has failed to produce results and he has conspicuously presented no further proposals beyond the suggestion of forming a Syria quartet.

Morsi politics of symbolism have paid off nonetheless. On the one hand, he has been able to ramp up his popularity ratings, with national approval hitting 78 percent in October. The domestic press attributes this above all to his foreign policy performance. On the other hand, foreign financial and economic aid for Egypt has been stepped up. Saudi Arabia alone promised financial support amounting to \$4 billion, of which \$1.7 billion has already been paid out in the form of central bank deposits and loans. Qatar has promised another \$2 billion and announced plans to invest \$3 billion in Egyptian industrial and tourism projects. In September Turkey announced a \$2 billion aid package. These bilateral deals and a prospective \$4.8 billion IMF loan could create the financial leeway required to press through urgent structural reforms.

However, criticism is also increasing. At home, nationalist and Salafist currents in particular call for Egypt to break completely free from dependency on the West and to terminate relations with Israel. And in Western capitals there is growing impatience with Morsi's ambiguous twin-track course. Washington expressed sharp criticism of the Egyptian leadership's slowness to condemn the violent attacks on the US embassy in Cairo and presses for a clearer pro-Western alignment in Egyptian foreign policy. This will make Morsi's maneuvering between domestic popular legitimation and economic constraints an ever trickier balancing act.

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ISSN 1861-1761

Translation by Meredith Dale

(English version of
SWP-Aktuell 58/2012)