



The Barnett Group

Can America Finally Support a Courageous Ally in the Middle East?

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“I say and repeat again, we are in need of a religious revolution. You, imams, are responsible before Allah. The entire world, I say it again, the entire world is waiting for your next move... because this umma is being torn, it is being destroyed, it is being lost — and it is being lost by our own hands.”
— Egyptian President Abdel Fattah al-Sisi (January 1, 2015)

Over the past 18 months, politicians and the media have made a sport out of blasting Egypt and its leadership. “Egypt’s Latest’s Outrage” read the editorial page of a best-known national newspaper a few days ago. Egypt’s government is “out of control government,” due to the ruthless “military coup” of July 2013. (With 20 million people in the streets of the U.S., or any other country, not sure who else but the military could bring chaos into order.) However, on New Year’s Day, 2015, President Sisi, addressing the nation’s top Islamic authorities from the Awqaf Ministry (religious endowments) and Al Azhar University, called on all Muslims to stage a “religious revolution.”

Western leaders and media did not seem to notice.

If the only Arab leader, indeed the only world leader, has the vision and presence to call upon the religious leaders of Islam to do all in their power to stop the current barbarism, blood and destruction, Western nations need to support the fundamental change that President Sisi is promoting — politically, economically, and commercially.

Over the past many decades, it has been clear that Egypt and the United States have — and need — a strong partnership. Like any other partnership, there are differences and disagreements. But the mutual benefit of this relationship is undeniable.

The United States needs Egypt for many reasons, ranging from the fight against terrorism — in the Middle East and worldwide — to sponsoring critical security negotiations in the region and providing a quickly-growing market of 90 million potential consumers.

Egypt needs America to continue assistance in building its military, to keep the country technologically savvy, and to provide the best consumer products in the world. The need is especially critical now. Monetary reserves, currently at \$ 15 billion, are less than half of the \$36 billion in the pre-revolution days. The unemployment rate is officially at 13 percent, but many economists believe it is far higher. The Egyptian pound is at its weakest levels since auctions began in December 2012.



Egyptian commentators quietly say that President Sisi, the fourth president in four years, has one or two years to demonstrate that he can improve the lives of his citizenry, or he too will be faced with masses in the streets.

Sisi has taken some bold steps since becoming elected president. He announced cuts for subsidies on natural gas and energy consumption, and lowered subsidies for bread and other goods. Sisi accepted an Article IV consultation by the International Monetary Fund (the IMF) to assess Egypt's economic health. The president announced a second Suez Canal, supplementing the first canal that was completed in November 1869. He called on Egyptians to invest \$8.5 billion in the project and in eight days, waiting in line for hours to support this investment, they did.

So, instead of continuous bad mouthing and political arguing about the \$1.3 billion in aid that the U.S. gives annually, a sum which pales compared to 10 times that much in assistance from its Gulf neighbors now, how do we support this country in its struggle for economic and political viability?

First, in addition to maintaining and growing military support, and not using this assistance to leverage governmental changes, we need a real economic partnership, starting with a free trade agreement (FTA). Since having the privilege of serving in the U.S. government during the mid-1990s, I have never heard a convincing argument about why we have FTAs with Oman and Bahrain, and not the second largest market in the Middle East. FTA's generally contain adequate safeguards and required dialogues to allow for problems along the way. And just the announcement of FTA negotiations would signify new trust and hope for economic recovery, and eventually, could mean excellent economic benefits for both nations.

Second, rather than continue programs conducted with USAID funding on "democratization" (which Egypt will create, or not, according to its popular will), the U.S. should work with the IMF and other financial institutions to provide Egypt with an overall plan for the nation-building assistance that it wants and needs. The court system is deeply in need of updating, with judges having thousands of cases on their dockets. Market entry for small companies is next to impossible. The laws for established corporations and investments are out-of-date. Even new laws such as the income tax and real estate laws, need regulations for implementation. But in order to successfully assist, we need to work with the priorities that the Egyptian government and its people have decided upon.

Third, we need an established and sustained forum for the partnership to grow. During the Clinton administration, the president established the Gore-Mubarak Partnership. Numerous U.S. government agencies and Egyptian ministries participated in analyzing synergies and establishing bilateral programs — in health, commerce, agriculture, and more. A bilateral private sector organization was appointed - the President's Council, which I managed from the Commerce Department. The Council was comprised of leading business people who worked to establish joint commercial projects, identify trade barriers between the countries, and participate in programs with the governments. Many concrete projects were achieved, as well as lifelong partnerships and friendships.

This is not to gloss over the glaring issues in Egypt. At some point, a rule of law will need to be established for NGOs, there will need to be justice for the numerous political prisoners awaiting trials,



and the government must resolve the humongous issues of poverty, women's lack of empowerment, vast unemployment and inequality to make true progress.

It is not "possible that 1.6 billion people [the world's Muslims] should want to kill the rest of the world's inhabitants — that is 7 billion people — so that they themselves may live. Impossible!"

The U.S. government needs to support a courageous voice in the Middle East that is walking the walk.