

## KEY FACTS

**Official name:** Jumhuriyat Misr al Arabiya (Arab Republic of Egypt)

**Head of State:** President Abdel Fattah el Sisi (Independent) (sworn in 9 June 2014)

**Head of government:** Prime Minister Sherif Ismail (from 19 September 2015)

**Ruling party:** No ruling party as such

**Area:** 1,001,499 square km

**Population:** 88.43 million (2015)

**Capital:** Cairo

**Official language:** Arabic

**Currency:** Egyptian pound (LE) = 100 piastres

**Exchange rate:** LE8.88 per US\$ (Sep 2016)

**GDP per capita:** US\$3,614 (2015)

**GDP real growth:** 4.19% (2015)

**GDP:** US\$330.76 billion (2015)

**Labour force:** 26.19 million (2011)\*

**Unemployment:** 12881.00% (2015)

**Inflation:** 10.99% (2015)

**Oil production:** 723,000 bpd (2015)

**Natural gas production:** 45.60 billion cum (2015)

**Balance of trade:** -US\$45.99 billion (2015)

\* estimated figure

# Egypt



On the fifth anniversary of the January 2011 protests that toppled former President Hosni Mubarak, in 2016 the Egyptian government was at pains to ensure that the now iconic Tahrir Square remained calm. The only gathering was not of protestors, but of a small cluster of pro-government Egyptians, with signs embellished with President Abdel Fattah al Sisi's avuncular face, apparently organised to heap praise on the police forces that had been the loathed enemy of protestors of all hues. It was the first time that the 25 January anniversary passed without demonstrations disrupting the normal pace of daily life. This, however, was not because Egyptians were happy with their government.

According to the Egyptian interior ministry, as quoted by the Egyptian daily *el-Wata*, the government had deployed

almost 180,000 security forces across Egypt to ensure peace and tranquillity. Press photos showed police personnel carriers lining the streets of Alexandria. Although the Muslim Brotherhood had sought to organise over 30 protest demonstrations to 'shock and shake the junta' this was more of a whimper than a bang.

## Climate of fear

The 2011 protests had their moment of glory with the deposition of President Mubarak. However, it was a short lived moment, followed by two years of fast moving chaos – described by Wendell Steavenson in her excellent book *Circling the Square* as 'bewilderingly fast paced events' culminating with the military overthrow of Mohamed Morsi, 'the Islamist who was Egypt's first elected president.' According to Ms Steavenson

‘with Mr Morsi’s ousting the country came full circle, its brief and chaotic experiment in democracy firmly over.’

Egypt’s future, its peace and prosperity had become the subject of tensions between two powerful forces, the military and the Islamists. The notion of a secular democracy was simply sidelined. Mr Morsi had done his cause little good by claiming that as President he was above the law. To quote Ms Steavenson, the Islamists ‘did not really believe that other people had the right to have other ideas. Worse, they didn’t have any ideas of their own. When Morsi became President, the Brotherhood had only the idea of power.’

### You’re with the Army Now.

From a modest Cairo background, Egypt’s new-found President Abdel Fattah al Sisi had steadily progressed through Egypt’s military ranks, eventually becoming the head of former President Mubarak’s intelligence services. If information was the key to power, then al Sisi was certainly well placed. One of the new president’s peculiar abilities seems to be that of being all things to all men, happily merging with the surroundings and the personalities of the day. This stance is, however, deceptive. His military career had certainly trained him well, but it had not dulled a fierce determination to mould Egypt as he wished and – quite literally – to eliminate those who chose to stand in his way. No-one was better able to testify to this than the deposed President Mohammed Morsi, who, on becoming had made a number of fatal misjudgements regarding General al Sisi. The first miscalculation was to appoint al Sisi minister of defence, thereby giving him effective control of Egypt’s army. The second was to trust al Sisi. The third was to underrate the general’s determination to restore order to the country by resorting to an authoritarianism far more severe than that seen under Mubarak.

### The Third Way

A brief study of Mr al Sisi’s recent history is an excellent pointer to the President’s qualifications as President. In 2015 an impoverished Egypt, facing civil unrest and increasing poverty, had a disproportionate dependency on its principal ally – the United States. US military aid to Egypt each year is a massive US\$1.5 billion. Quite how this money is spent is determined, with some secrecy, by the Egyptian military. But the Egypt-US connection is fundamental and sacrosanct in Egyptian military thinking. So it was no coincidence that general al Sisi spent a

year at the US Army War College in Pennsylvania where he appears to have been something of a model pupil. Ironically enough, al Sisi’s end of year project was the production of a paper entitled *Democracy in the Middle East*. Following the Presidential election in which he managed to gain 93.3 per cent of the votes cast, some of his critics suggested that he might benefit from reading his own paper. Central to his paper was that there should be a ‘Third Way’ between the notion of Western democracy and Islamism.

Whatever the Third Way amounted to, in the Egyptian scenario it clearly did not have any room for, or trust in, the Muslim Brotherhood. While still minister of defence, al Sisi went on record as saying that ‘No-one is going to depose anybody and no-one should entertain the idea that the army holds the answer to Egypt’s problems.’ Al Sisi’s apparent conversion, or re-conversion, to the discredited idea of a military dictatorship (albeit in the guise of an elected democracy) ran counter to the false perception seemingly accepted by the Muslim Brotherhood. In mid-2015 Ex-President Morsi had cause to reflect on how wide of the mark his trust in al Sisi had been, as he languished in jail, cooped up with over a hundred of his supporters, all of whom had been sentenced to death. In sharp contrast, ex-President Mubarak had been pardoned and was due to be released from jail.

### From Washington, with Love and Future Conditions

As the US Congress prepared to renew Cairo’s ‘facility’ of US\$1.3 billion in

military aid, the Obama administration adopted a ‘carrot and whip’ approach for its difficult relationship with Egypt. However difficult, that relationship remained the US government’s most important alliance in the Middle East, only paralleled by that with Saudi Arabia. None the less, there were some major changes afoot in the aid pipeline. Starting in 2018 Egypt would be no longer eligible for cash flow financing; this was a mechanism that enabled Egypt to place multi-million dollar orders for US matériel safe in the knowledge that the tab would eventually and virtually automatically, be picked up by Washington.

Reuters reported that the US provided US\$6.5 billion in military assistance to Cairo in the period 2011–15 on the clear understanding that it would be closely monitored and it would serve American interests. Instead, according to a report by the US Government Accountability Office (GAO), the Obama administration had often failed to meet those requirements due to a combination of resistance from its Egyptian counterparts, lack of guidance from Washington and insufficient staffing at the US Embassy in Cairo.

The state department and the department of defense (DOD) had established programmes ‘to provide reasonable assurance that military equipment transferred or exported to foreign governments was used for its legitimate intended purposes and did not come into the possession of individuals or groups who posed a threat to the United States or its allies.’ In the case of Egypt ‘gaps in the implementation of

KEY INDICATORS						Egypt
	Unit	2012	2013	2014	2015	**2016
Population	m	*82.50	*84.15	86.70	*88.43	*90.20
Gross domestic product (GDP)	US\$bn	262.26	271.43	301.39	330.76	–
GDP per capita	US\$	3,179	*3,226	3,476	3,614	–
GDP real growth	%	2.2	2.1	2.2	*4.2	*3.3
Inflation	%	8.6	6.9	10.1	11.0	*9.6
Unemployment	%	12.3	13.0	13.4	12.9	*13.0
Oil output	’000 bpd	728.0	714.0	717.0	723.0	–
Natural gas output	bn cum	60.9	56.1	48.7	45.6	–
Exports (fob) (goods)	US\$m	26,835.0	–	25,203.7	19,051.3	–
Imports (fob) (goods)	US\$m	52,350.0	–	56,034.6	65,043.9	–
Balance of trade	US\$m	-25,516.0	–	-30,830.9	-45,992.7	–
Current account	US\$m	-10,146.0	-5,582.0	-2,356.0	*-12,182.0	–
Total reserves minus gold	US\$m	11,628.0	13,608.0	11,995.0	–	–
Foreign exchange	US\$m	10,368.0	12,343.0	–	–	–
Exchange rate	per US\$	6.31	6.96	7.15	7.83	–

these end-use monitoring programmes, in part due to limited co-operation from the Egyptian government, prevented the provision of such assurances.'

The report also noted that Egyptian officials had 'hindered US officials' efforts to confirm that US equipment such as Stinger rocket launchers and night-vision goggles were used appropriately.' The GAO also reported that the state department had failed to establish a process for conducting human rights vetting (see 'Disappearances' below) when providing equipment to Egyptian military units, despite agreeing to do so in 2011.

The report provoked an angry response from the Republican US house foreign affairs Middle East panel chairwoman, Ileana Ros-Lehtinen, as well as from the Democrat Gerry Connolly. Ms Ros-Lehtinen stated that the GAO report 'showed an alarming and unacceptable amount of deficiencies in our end-use monitoring and human rights vetting programmes in Egypt.' She continued: 'End-use monitoring must be fully utilised in order to ensure US-supplied and US-origin defence articles are used properly.' Mr Connolly thought that Congress should rethink its annual US\$1.3 billion military assistance package for Egypt. 'While there are important strategic underpinnings to our security co-operation with Egypt, our Egyptian counterparts must understand that US assistance will not be used to carry out activities that run counter to American values, said Mr Connolly. 'The stonewalling of US government officials carrying out vetting requirements enshrined in statute is entirely unacceptable and must be raised with Egypt at the highest levels of government.'

Under the new arrangements outlined by the Obama administration, the US would – in theory – be able to channel its military assistance towards counter-terrorism and border security. The US had, following the Morsi deposition and arrest, taken a stance by putting on hold the authorisation of delivery of additional F-16 aircraft. However, more or less at the same time as the new aid arrangements were announced, the delivery of a number of the new aircraft was authorised. US thinking seemed to be that however unsatisfactory the al Sisi dictatorship might be, it was 'our' unsatisfactory dictatorship and there were strong reasons to keep it that way. Inter alia, the relationship with Egypt allowed US warships to sail through the Suez Canal unimpeded and US aircraft to fly through Egyptian

airspace. In the struggle with the so-called Islamic State (IS), Egypt was an important ally.

### Disappearances

If the debate within Washington's political circles focussed on using the substantial military aid as leverage, it did not seem to do so very successfully. The fact that the aid was continued at all was apparently seen by the al Sisi administration as a form of tacit approval. What the *New York Times* described as 'a reluctant endorsement of its despotic practices'. In a report published in July 2016, the respected London-based Amnesty International criticised the 'unprecedented increase' in the number of 'forced' disappearances since 2015. This appeared to coincide with the appointment of Magdi Abdelgafar as minister of the interior. Mr Abdelgafar had already acquired a degree of notoriety as being responsible for persecuting dissidents during the last days of the Mubarak regime. The Amnesty report gave the names in 17 cases of student activists and dissidents who had simply disappeared, of whom five were under aged. One of these, Mazen Mohamed Abdullah (14 years old), was accused of 'being affiliated' to the now illegal Muslim Brotherhood. He was tortured to obtain a confession to a crime he had not committed. Another, Aser Mohamed also aged 14, was beaten and submitted to electric shocks while hanging by his feet. An older detainee, Islam Jalil aged 26 was handcuffed and blindfold; he was also beaten and given electric shocks while hanging by his arms until he fainted.

Amnesty reported that hundreds of political dissidents were detained in secret prisons so that their families had no idea where they were until, often after a period of over six months, they were arraigned with trumped up charges and convicted on the basis of confessions generally extracted under torture. In its report, entitled *Officially non-existent; Disappearance and Torture in the Name of Anti-Terrorism*, Amnesty International described the forced disappearances as 'having become a key instrument for state police in Egypt. Any person who dares to speak up runs a risk.' Since the Morsi deposition, the Cairo government had, according to Amnesty, denied that it was ordering the torture of 'disappeared' detainees. The al Sisi administration had recognised one or two 'isolated' cases that were under investigation. Egypt's national Council for Human Rights, an official body, declared in July 2016 that it had identified 266 cases

of disappearances reported by families between April 2015 and March 2016. In most cases those who had disappeared were eventually located in interior ministry premises. The Minister Abdelgafar responded that Egypt's security forces were acting within the law. Citing locally based non-governmental organisations, Amnesty estimated that every day between two and three Egyptians disappeared. The organisation criticised the complicity of Egypt's judiciary for accepting false police records where dates had been changed and detainees tortured. No attempt had apparently been made by the judiciary or by the police to follow up allegations of torture. The most infamous case to date had been that of Giulio Regeni, an Italian post-graduate student whose body was found in February 2016 with signs of having been tortured. Mr Regeni had been missing for some time, but the Egyptian authorities denied any involvement.

### The Economy

In March 2016, the Central Bank of Egypt (CBE) published national balance-of-payments data covering the first half (1 July–31 December 2015) of the fiscal year ending in June 2016, which – depressingly enough – showed that Egypt's current account deficit had more than doubled to US\$8.9 billion from US\$4.3 billion a year earlier. The overall balance-of-payments deficit was US\$3.4 billion, compared to US\$1.0 billion in 2014. According to the credit rating agency, Moody's, the widening balance-of-payments deficit reflected Egypt's prevailing structural weaknesses. The current account deficit reflected a significant trade deficit, a fall in the surplus generated by the services sector and a sharp decline in transfer receipts. Moody's estimated that Egypt's current account deficit had reached a record 5.8 per cent of gross domestic product (GDP) in the fourth quarter of the calendar year 2015, up from 3.1 per cent a year earlier. Egypt's non-oil merchandise trade balance had also been in constant deficit, averaging US\$8.2 billion per quarter since 2010. Although Egypt is a net oil importer, low oil prices do not benefit Egypt's trade balance because oil exports have been more negatively affected by the drop in oil prices than was the case with imports. Oil export revenues fell to US\$1.5 billion in December 2015 from a peak of US\$3.6 billion in December 2013, whereas the cost of oil imports fell to US\$2.6 billion from US\$3.1 billion during the same period.

Since 2011, travel-related services receipts had fallen to US\$981 million by the

fourth quarter of 2015, reaching levels last seen after the second revolution in mid-2013 and much lower than third-quarter 2010 peak of US\$3.6 billion. One factor was a Russian plane crash in late October 2015, suspected to be the result of a terrorist attack, that shook tourist confidence. Suez Canal revenues also suffered from weak global trade, remaining in the US\$1.2–US\$1.4 billion range per quarter since late 2010. At the same time, service and income payments had exhibited a much more stable upward trend, leading to a shrinking of the once large surplus for this account.

Net official transfers were only US\$32 million during the first half of fiscal 2016, compared to US\$2.6 billion during the same period in 2014 and US\$6.2 billion for the comparable 2015 period. Net private transfers declined for three consecutive quarters to around US\$4 billion from US\$5 billion. During the first half of fiscal 2016, Egypt's current account deficit was broadly matched by financial account inflows. Net foreign direct investment (FDI) recovered somewhat, averaging US\$1.3 billion since late 2011. Other investment, mostly short-term supplier credits and other liabilities, have been rising since late 2014 and contributed US\$7.8 billion during the first half of fiscal 2016. However, the surge in net errors and omissions, which rose to US\$3.7 billion, which could be interpreted as a sign of capital flight, counterbalanced this surplus. Consequently, Egypt's net international reserves have remained weak, hovering around US\$16.5 billion since September 2015. For the fiscal 2016 year Moody's forecast a current account deficit of 5.2 per cent of GDP. The widening current account deficit is likely to put further pressure on Egypt's international reserves. In March 2016 the CBE devalued the Egyptian pound by 14.4 per cent to LE8.85 to the US dollar and decided to adopt a more flexible exchange rate regime. The CBE's decision, which came at a time of low net international reserves, slowing growth and a widening difference between official and black market exchange rates at least brought the official exchange rate closer to market rates.

The rate change should reduce the need to spend foreign exchange supporting a higher currency value and be likely to boost export and foreign investment revenue. This should outweigh any short-term inflationary effect. Egypt has been experiencing strains on its external liquidity position because of slowing external donor support, a widening non-grant current

account deficit and declining investment flows. Export earnings were 26.5 per cent lower than a year earlier, not helped by the Egyptian pound's peg to the US dollar. Investment flows stagnated because capital controls and import restrictions prevented the repatriation of earnings and import payments. Tightening external liquidity also hampered industrial activity. The government recently lowered its growth forecast for 2016 to 4.00 per cent from a previous forecast of 5.00 per cent.

In its September 2015 assessment of the Egyptian economy, the International Monetary Fund (IMF) considered that there had been positive economic developments. According to the IMF, some of the pledges made at the Egypt Economic Development Conference in March 2015 were already in the implementation phase; in August 2015, the parallel Suez Canal was opened after just one year of work; and a major gas find in Egyptian waters boded well for the country's outlook in the medium term. Egypt's return to international markets was marked by the successful issuance of a US\$1.5 billion Eurobond. Macroeconomic figures also pointed to some improvement, with growth rebounding to 4.2 per cent in 2014/15 as inflation declined. Sector indicators point to the continued resilience of Egypt's banks. The authorities succeeded in reducing the underlying budget deficit despite a decline in foreign grants, thanks to reforms including those to energy subsidies, and there has been progress in containing the wage bill and increasing tax revenues. The government's plan was designed to balance fiscal consolidation with increased spending on social programmes and infrastructure investment.

However, the IMF considered Egypt's unemployment to be high, notably among the youth. The fiscal deficit was still large and domestic public debt high. Reserves were about three months of imports and foreign exchange was scarce. The Egyptian authorities planned to pursue fiscal and structural reforms in order to lower public debt and encourage private sector credit, thereby supporting growth and employment. Lower fuel and electricity subsidies, combined with the VAT implementation are expected to strengthen the budget.

The CBE has made efforts to curb the parallel exchange market. It has also allowed movement in the official exchange rate. The IMF considered that a gradual move toward a more flexible exchange rate policy would serve Egypt's interests. Such a move would improve the availability of foreign exchange, strengthen

competitiveness, support exports and tourism and attract FDI.

## Energy

According to the US government Energy Information Administration (EIA), Egypt is the largest oil producer in Africa outside the Organisation of the Petroleum Exporting Countries (Opec) and the second-largest natural gas producer on the continent, behind Algeria. Egypt also plays a vital role in international energy markets through the operation of the Suez Canal and the Suez-Mediterranean (SUMED) Pipeline.

The Suez Canal is known as an important north/south transit route for oil and liquefied natural gas (LNG) shipments. The SUMED Pipeline is the only alternative route near the Suez Canal to transport crude oil from the Red Sea to the Mediterranean Sea. The fees collected from these two transit points are significant sources of revenue for the Egyptian government. The high cost of energy subsidies in Egypt has contributed not only to Egypt's high budget deficit but also to the inability of the Egyptian General Petroleum Corporation (EGPC), Egypt's national oil company, to pay off its debts to foreign operators. According to the EIA, the EGPC owes foreign oil and natural gas operators billions of dollars, which has led foreign operators to delay their investments in existing and new oil and natural gas projects.

Egypt's total primary energy consumption was 86.2 million tonnes of oil equivalent in 2015, according to the BP 2016 *Statistical Review of World Energy*. Natural gas and oil are the primary fuels used to meet Egypt's energy needs, accounting for 94 per cent of the country's total energy consumption in 2013. Egypt is the largest oil and natural gas consumer in Africa, accounting for about 20 per cent of petroleum and other liquids' consumption and 40 per cent of dry natural gas consumption in Africa. The rapid growth of oil and natural gas consumption over the past few decades has been driven by increased industrial output, economic growth, energy-intensive natural gas and oil extraction projects, population growth, an increase in private and commercial vehicle sales and energy subsidies.

According to BP 2016 Egypt held 3.5 billion barrels of proved oil reserves in January 2016. The EGPC placed Egypt's official oil reserve estimate slightly higher at 4 billion barrels, of which 2.8 billion barrels was crude oil and 1.2 billion barrels was condensate. New oil discoveries

had boosted Egypt's reserve estimate over the previous few years. Egypt has also maintained a sustained level of exploration activity and there have been several oil and natural gas discoveries made each year. In 2013, 86 discoveries, mostly of oil were made, according to the EGPC. In 2015, Egypt's petroleum and other liquids production averaged 723,000bpd, unchanged from the previous year. About half of Egypt's oil production comes from the Western Desert and the remainder from the Gulf of Suez, Eastern Desert, Sinai, Mediterranean Sea, Nile Delta and Upper Egypt. Most of Egypt's production is derived from relatively small fields that are connected to larger regional production systems.

Egypt's oil production has declined over a decade after reaching a peak of more than 900,000bpd in the mid-1990s. In 2008, increased output from the Western Desert and offshore areas helped to increase production over the following few years, but production started to decline again shortly after that time. The use of enhanced oil recovery (EOR) techniques at mature fields has eased production declines. Natural gas plant liquids production had increased over the previous decade as a result of expanding natural gas production, partially offsetting declines in crude oil production.

According to the BP16, in January 2016 Egypt had 65.2 trillion cubic feet (tcf) of proved natural gas reserves, the fourth-largest amount in Africa, after Nigeria, Algeria and Mozambique. New discoveries have been made almost every year, particularly in the deep-water Mediterranean Sea, the Nile Delta and the Western Desert.

Despite these new discoveries, Egypt's dry natural gas production declined to 45.6 billion cubic metres in 2015. Egypt has been diverting natural gas supply away from exports to the domestic market to meet demand. As a result, Egypt's total natural gas exports have declined substantially by an annual average of almost 30 per cent.

Egypt began importing LNG in 2015 to satisfy its natural gas consumption, which had increased by an annual average of 7 per cent over the decade 2004 to 2013. In May 2014, Egyptian Natural Gas Holding Company (EGAS), the country's national gas company, signed a letter of intent with Hoegh LNG of Norway to use one of its Floating Storage and Regasification Units (FSRUs) for five years to allow Egypt to import LNG. In April 2015, the FSRU arrived off the Red Sea coast at the Ain

Sukhna port, along with its first LNG cargo.

### Risk assessment

Economy	Poor
Politics	Poor
Regional stability	Poor

### Muslims in Egypt

% of population	90
Sunni (% of Muslims)	100
Shi'a (% of Muslims)	0

### COUNTRY PROFILE

1571 Egypt became part of the Ottoman Empire. Mohammed Ali assumed the rule of Egypt. His descendants ruled until 1952.

1859–69 The Suez Canal was built.

1882 Britain occupied Egypt and although it remained under Ottoman suzerainty, it became *de facto* a British colony.

1914 Britain eliminated the Ottoman suzerainty and the country became a British protectorate – the Egyptian Sultanate.

1922 Following the revolution of Saad Zaghloul in 1919, Britain granted partial independence to Egypt, but retained the right to defend the Suez Canal and Egypt itself. Egypt was renamed Kingdom of Egypt.

1928 Muslim Brotherhood founded by Hasan al Banna.

1936 Signing of the Anglo-Egyptian Treaty, which restricted British military presence to the Suez Canal Zone.

1947–49 Egypt contributed to a pan-Arab military force that failed to occupy the newly-created state of Israel.

1952 The 23 July Revolution, led by the army, ousted King Fu'ad, who had just succeeded his father, King Faruq.

1953–56 Egypt was declared a republic under President Mohammed Neguib in 1953. Neguib relinquished power in 1954 to Colonel Gamal Abdel Nasser, who was officially elected in 1956.

1956 Nasser nationalised the Suez Canal to fund the construction of the Aswan High Dam to regulate the annual flooding of the Nile River. Egypt blockaded the Israeli Red Sea port of Eilat; Israeli forces attacked and occupied the Sinai Peninsula, later being joined by Britain and France seeking to regain control of the Canal Zone. In the face of strong international opposition, particularly from the US, all three withdrew their forces.

1958 Egypt and Syria formed the United Arab Republic (UAR) in the first step towards their aim for Arab unity.

1961 Syria withdrew from the union with Egypt but Egypt remained known as the UAR.

1967 Egypt again blockaded Eilat; Israel launched and won the Six Day War

against Egypt, Jordan and Syria, taking control of the Sinai Peninsula and the Gaza Strip, which had been Egyptian territory. Crucially, they also took control of the Golan Heights, overlooking Syria. The Suez Canal was closed.

1968–70 The War of Attrition was a limited war fought between Egypt and Israel, initiated by Egypt as a way to recapture the Sinai Peninsula from Israel; the war ended without changes to the frontiers.

1970–73 Anwar al Sadat was elected president following the death of Nasser. He renamed the country the Arab Republic of Egypt and ruled it as a one-party state. The Aswan High Dam was inaugurated by the President. In the 6 October War (also known as the Yom Kippur War), Egypt and Syria invaded Israel to reclaim some of the land lost in the Six Day War, but despite early strategic gains for Egypt and Syria, Israel counter-attacked and repelled the invasion, re-conquering the Golan Heights from Syria.

1975 The Suez Canal reopened, having been closed since the 1967 war.

1977 Sadat visited Jerusalem, which led to the Camp David Peace Accords, the signing of the Egyptian-Israeli Peace Treaty in 1979 and the eventual Israeli withdrawal from the Sinai Peninsula in 1982.

1981 President Sadat was assassinated by Islamic extremists. A national referendum approved Hosni Mubarak as president and also allowed political opposition parties for the first time. A State of Emergency (SoE) (known locally as emergency laws) was declared, extending police powers, suspending constitutional rights, legalising censorship, and curtailing political activity and street protests.

1979 Egypt was expelled from the Arab League.

1989 Egypt re-joined the Arab League. 1991–94 Egypt contributed to the US-led military campaign against Iraq. Egypt was a party to peace agreements between Israel and the Palestinians, which began negotiations on the status of the former Egyptian territory of Gaza.

1996–2000 The Al Hizb al Watani al Dimuqrati (National Democratic Party) (NDP) was re-elected in the 1996 and 2000 elections. Mubarak was re-elected president for a fourth term.

2003 Emergency powers established when Sadat was assassinated in 1981 were extended for another three years.

2004 Ahmed Nazif became prime minister. The funeral of Palestinian leader, Yasser Arafat, was held in Cairo.

2005 Egypt hosted the Sharm El Sheik summit, at which Palestinian President Abbas and Israeli Prime Minister Sharon signed a truce; Israel was to withdraw from Gaza and the Palestinian authorities

curb the violence of militant groups opposed to Israel. Egypt resumed diplomatic ties with Israel. A constitutional amendment allowed multiple candidates in the presidential elections, which was won by incumbent Mubarak, for a fifth consecutive term.

2006 Emergency laws, which gave broad powers of arrest and detention to the security forces, were extended by two years.

2007 A referendum amended 34 articles in the constitution, including items aimed at banning political activities and the establishment of political parties based on race, religion and ethnicity; it also increased the power of the president and adopted an anti-terrorism law to replace emergency laws.

2008 Hamas militants breached several sections of the Egypt-Gaza Rafah border crossing allowing thousands of Palestinians to cross into Egypt, many to stock up on food and other necessities. Israel demanded that the border be closed to prevent the restocking of Hamas armouries. While foreign-led negotiations failed to provide a permanent solution, Hamas and Egyptian officials reached their own agreement.

2009 Egyptian forces closed the last breach along the Gaza border. In a crackdown on Islamist militants 25 leading members of Hizb al Wasat (Muslim Brotherhood) were jailed. Liberal democrat and opposition politician Ayman Nour (El Ghad) was released from jail on health grounds. Egypt sponsored talks between Palestinian rivals, Fatah and Hamas, over a proposed unity government.

2010 Mohammed Badi was named as leader (*general guide*) of Egypt's outlawed opposition Islamist movement, the Muslim Brotherhood. Analysts consider him a conservative who would likely steer the Brotherhood away from political activism and focus on religious and social work. The World Bank approved a US\$280 million loan for a second terminal at Cairo's international airport. Sheikh Mohammed Sayed Tantawi, Grand Imam of the al Azhar mosque and head of the al Azhar University, died in Saudi Arabia, aged 81. President Mubarak issued a decree renewing the country's emergency laws for a further two years. Egypt signed an agreement with Ethiopia, Uganda, Tanzania and Rwanda to redistribute their relative share of Nile waters; negotiations had begun in 1997. In elections for the Majlis al Shura, the ruling NDP won 80 seats in total (out of 132). All opposition parties withdrew from further involvement in the general elections, following results that showed the NDP had won 209 out of 221 seats. The ruling NDP won an overwhelming majority of 420 seats (out of 518).

The opposition, which had quit the election after the first round, cited extensive electoral fraud.

2011 Following mass-protests in Cairo's Tahrir Square at the leadership of President Mubarak, which began in January, Mubarak dismissed his government and appointed Ahmed Shafiq as prime minister in an attempt to pacify the protesters. However, the protests continued and in February, Mubarak resigned and control of Egypt was taken over by the Supreme Council of the Armed Forces (SCAF), led by Field Marshall Mohamed Hussein Tantawi (defence minister); Ahmed Shafiq remained as prime minister. The SCAF refused to lift the emergency laws. Mr Mubarak and his family retreated to their residence in Sharm el Sheikh, the Red Sea resort. By 11 February there had been 384 confirmed deaths related to the demonstrations; of which 232 deaths were in Cairo. All prisoners arrested since January were released and an investigation into officials responsible for violence towards demonstrators was begun.

A constitutional referendum was held in March, in which 77.27 per cent of voters agreed to constitutional changes that included limiting the presidential term to four years and a two-term limit. SCAF announced that Mubarak and his family had been placed under house arrest. Essam Abdel-Aziz Sharaf became prime minister. The former ruling-NDP was dissolved in April and its assets, including its headquarters and other buildings, were seized and handed over to the government treasury. The prosecutor general ordered the arrest of Mubarak and his sons, Alaa and Gamal, on charges of corruption.

In April the Muslim Brotherhood announced it was setting up a new political party, the Hizb al Hurriya wa al'Adala (Freedom and Justice Party) (FJP). It said it would be a civil, not a theocratic, group and would contest up to half the seats in the September election. It was officially recognised as a political party in June. Nabil al Arabi became secretary general of the Arab League.

In May the Egyptian government relaxed restrictions at the Rafah border crossing into Gaza, allowing women, children and men over 40 to pass freely. Men aged between 18 and 40 will still require a permit, and trade is prohibited.

In July, thousands of protesters gathered in Tahrir Square, Suez and Alexandria, as part of the 'Friday of Determination' demanding immediate reforms and a quicker prosecution of former government officials. Prime Minister Essam Sharaf reshuffled his cabinet in mid-July, after protesters complained about the slow rate of reform. Too many of the ministers, especially foreign minister Mohamed Orabi,

were said to have been close to former President Mubarak, resulting in Orabi's resignation. The news agency Mena stated that Hosni Mubarak was 'depressed and refusing food' in hospital. In August Mubarak was put on trial for corruption and complicity in the deaths of protesters, during the Arab Spring uprising. The judge at Mubarak's trial announced that it would be merged with that of former interior minister, Habib al Adly, who was also accused of ordering the killing of protesters. The trial was adjourned until September and the live televising of the trial was halted.

In September the Israeli embassy was attacked by demonstrators in Cairo. Changes to the issuance of visas were announced in September, including halting the facility whereby US and many European citizens could obtain a visa on arrival. The move was expected to have an adverse effect on tourism, although the government denied this.

An amendment to the election law was granted by the Supreme Council of the Armed Forces, in October to allow one-third of parliamentary seats that had been set aside for political parties to be contested by independent candidates. There were clashes between Copts and security forces in October. The clashes led to the resignation of finance minister, Hazem el Beblawi, who objected to the way the government handled the protest. In November, a government-sponsored set of guidelines for drafting the constitution were published and caused controversy with plans to exempt the military and its budget from civilian scrutiny and by giving the military a veto over legislation dealing with its affairs, as well as limiting the power of parliament to select a panel to write the constitution. In November, the Higher Administrative Court ruled that former members of the NDP (former-president Mubarak's political party) were allowed to stand for parliament as independent candidates. Prime Minister Sharaf and his government resigned on 21 November, following three days of violence as demonstrators again occupied Tahrir Square in Cairo, protesting at the military's entrenchment of its power in the political life of Egypt. By 22 November, 26 people had been killed and many more maimed and wounded; Field Marshal Tantawi declared that scheduled parliamentary elections would take place and presidential elections would be held in July 2012 (brought forward from late-2012 or 2013). However, protesters continued to call for the military rulers to step aside. There were protests and injuries in other cities as well. On 24 November, the ruling (SCAF appointed Kamal Ganzouri as prime minister.

Parliamentary elections for the lower chamber began on 28 November, and were held in three rounds (the second on 5/6 December and the third on 14/15 December) to allow judicial supervision of each round. Over 40 political parties fielded a combined total of around 6,000 candidates to contest the 498-seat lower house, of which two-thirds will be chosen by proportional representation using party lists; the remaining one-third are open to all who are nominated regardless of affiliations – of these half must be ‘professional’ and the other half ‘workers’ or ‘farmers’.

2012 The final results of three rounds of elections were posted on 13 January. The combined results were: Democratic Alliance for Egypt (DAE) (a coalition of five political parties, led by the FJP, plus independents) (Islamic, Muslim Brotherhood) won 127 seats by proportional representation (PR) and 108 seats by first-past-the-post (FPTP) for a total of 235 seats; the Islamic Bloc (a coalition of three political parties, led by the Al Nour Party) 96 PR, 27 FPTP, total 123 seats; New Wafd Party 36 PR, two FPTP, total 38 seats; Egyptian Bloc (a coalition of three political parties, led by the Social Democratic Party), 33 PR, one FPTP, total 34 seats; Al Wasat Party 10 PR, total 10 seats; Reform and Development Party eight PR, one FPTP, total nine seats; the Revolution Continues Alliance (a coalition of five political parties, led by the Socialist Popular Alliance Party) seven PR, two FPTP, total nine seats; eight other political parties and 21 independent candidates won the remaining 40 seats. Although the DAE will have overall legislative powers the military council retains presidential powers until a new president is elected later in the year.

The rules of the first post-Mubarak presidential elections were announced on 31 January. All candidates must be born Egyptian to Egyptian parents, not be of dual nationality nor married to a foreigner. All candidates must be endorsed by at least 30 members of parliament or 30,000 eligible voters.

The new parliament was sworn in on 23 January. In an interview on 19 February, the electoral commissioner declined to set a date for presidential elections, which were expected for June. Instead he expressed a hope that the organisational process necessary before the elections take place could be completed by May. The delay was due to problems of organising the expatriate vote and the foreign minister had asked for more time.

On 1 March, the presidential election was announced for 23–24 May; a runoff was scheduled for 16–17 June if necessary.

Coptic Pope Shenouda III died on 17 March at the age of 88.

On 24 March, the liberal block of members of parliament (MPs) walked out during a vote to elect members of a panel that will draft a new constitution, due to what they said were Islamists trying to monopolise the process. One of the first topics to be discussed for the new constitution will be how heavily it would be based on *sharia* (Islamic law).

On 29 March, senior members of the Sunni Islamic faith withdrew from the talks for the draft constitution saying it was under-represented in the constitutional assembly. This was followed by the Coptic Orthodox (Christian) Church on 2 April, which announced that it was withdrawing from the talks saying its participation was ‘pointless’ as the process was dominated by Islamists.

The SCAF expunged two court convictions against the new presidential candidate of the Muslim Brotherhood, Khairat al Shater. He had been convicted by the military in 1995 of reviving the Muslim Brotherhood (then a banned political party) and in 2007 of supplying weapons and giving training to university students.

On 10 April the Administrative Court in Cairo suspended the constitutional assembly (formed to draft the new constitution), saying the legitimacy of parliament to select members of the assembly and allocate 50 seats (out of 100) to sitting MPs did not reflect the diversity of Egyptian society. The choices were repeating the poor representation of women, minority communities and young people. Nobel peace prize winner and former Director General of the International Atomic Energy Agency (IAEA), Mohamed El Baradei, launched a new political party on 28 April, called the Constitution Party. The launch came too late to field a candidate in the presidential election.

In the first round of the presidential election, held on 23–24 May, 13 candidates took part. Mohamed Morsi (FJP, (Muslim Brotherhood)) won 24.78 per cent of the vote, Ahmed Shafiq (independent but allied to military government of Mubarak) 23.66 per cent and Hamdeen Sabahi (independent) 20.72 per cent. On 1 June, the 31-year state of emergency (SoE) was lifted.

On 2 June Hosni Mubarak was sentenced to life imprisonment, along with former interior minister, Habib al Adly, for complicity in the killings of protestors in Tahrir Square in early 2011. Four other high ranking officials were acquitted; Mubarak’s sons were also acquitted of corruption. Following the announcement crowds gathered in Tahrir Square protesting that the sentences were either too lenient or improper.

On 8 June, an agreement was reached between 22 political parties and the head of SCAF on selection of the 100-member constitutional assembly. On 14 June, the justice minister granted military police and intelligence officers the right to investigate and arrest civilians for offences related to national security and public order. The authorisation caused disquiet among civil liberty groups that warned that the move reintroduced powers cancelled when the SoE ended.

On 14 June the Supreme Court overturned the results of the December 2011 parliamentary elections saying the results were unconstitutional and ordered fresh elections; the decision effectively returned power to the SCAF. The biggest winners of the last elections, the FJP, warned that fragile democratic gains were under threat and Egypt was on course for ‘very difficult days that might be more dangerous than the last days of Mubarak’s rule’. It also said that all ‘democratic gains could be overturned with the handing of power to one of the symbols of the pervious era.’ FJP presidential candidate Mohammed Morsi accepted but was dissatisfied with the court ruling.

The presidential election run-off was held on 16–17 June. On 18 June, the SCAF granted itself extensive powers, including near total autonomy in military matters and the ability to exercise a veto over the drafting of the new constitution. On 19 June Hosni Mubarak was taken to hospital following a stroke and remained in a ‘critical’ condition for several days. The result of the runoff presidential elections was due to be announced on 21 June, however on 20 June the electoral commission said it was delaying the announcement because it needed more time to consider complaints made by the candidates. Both candidates by this time had claimed victory and the delay caused tension within their respective supporter groups. On 24 June, the election commission announced that Mohammed Morsi had won the run-off and he was inaugurated as president on 30 June.

On 9 July President Morsi ordered parliament to reconvene until new elections could be held. The edict countermanded the dissolution ordered by the SCAF, which held emergency talks to formulate a response. On 10 July the Supreme Constitutional Court overturned President Morsi’s decree to reopen parliament, leading to the gathering of thousands of protestors in Tahrir Square.

On 16 July former president Mubarak was ordered to return to prison, having survived his medical emergency. On 24 July, President Morsi appointed an independent politician, Hesham Qandil as prime minister (he took office on 2

August). On 12 August, President Morsi ordered Field Marshall Tantawi and the military Chief of Staff, Sami Annan, to retire 'for the benefit of this nation'. President Morsi also said that the constitutional declaration aimed at curbing presidential powers, introduced in June by SCAF had been cancelled. On 7 August, 16 soldiers were killed in Sinai, close to the border with Gaza, which resulted in a military operation to counter 'criminal elements' in September; 32 'non-Egyptians' were killed and 38 arrested. On 23 October, the Cairo Administrative Court requested the Supreme Court to make a ruling on the constitutionality of allowing the MPs to decide who was chosen to draw up the new constitution. On 4 November, Bishop Tawadros was chosen in a ceremony to become Pope Theodoros II of Alexandria, leader of the Coptic Church; he took office on 18 November. On 22 November, President Morsi assumed extensive powers banning any challenges to his presidential decrees, laws and decisions, including a bar on legal rulings that might dissolve parliament and the constitutional assembly. The president also sacked the chief prosecutor and ordered retrials of top officials under former president Mubarak who were alleged to have ordered the attack on protestors during the 2011 political demonstrations. On 3 December senior judiciary announced that they would refuse to oversee the referendum on the new constitution, due to be held on 15 December.

2013 Mubarak appealed his sentence, citing 'procedural failings', and a retrial was ordered. Mubarak's retrial began on 13 April but Judge Mustafa Hassan Abdullah immediately withdrew citing 'unease' over reviewing the case. A court ruled on 15 April that he could no longer be held on charges related to the killing of protesters, although corruption charges remained. On 17 April he was ordered back to prison from military hospital. The retrial began on 11 May, presided over by Judge Mahmud al-Rashidi. President Morsi gave a long (two hours) speech on 26 June, marking his first year in office, in which he acknowledged making 'mistakes' and offering opponents a say in amending the new constitution. There were demonstrations by opponents of Mr Morsi. On 1 July the army warned that unless the two sides could settle their disagreements by 3 July the army would intervene, although what they actually meant by this was unclear. On 3 July President Morsi was put under house arrest and the head of Egypt's constitutional court, Adli Mansour, was sworn in as head of state on 4 July. Protesters for and against Mr Morsi gathered in Tahrir Square (against) and around the Rabaa

al-Adawiya mosque (for). On 5 July the African Union suspended Egypt's membership. On 8 July at least 51 people – mostly pro-Morsi supporters from the Muslim Brotherhood – were killed by the army outside the Presidential Guard headquarters where Mr Morsi was believed to be held. Mr Mansour put forward a proposal for a timetable for a panel to be formed within 15 days to review the constitution with amendments to be finalised and put to a referendum in four months; parliamentary elections would be held by early 2014 with a presidential election to be called once the new parliament convenes. The proposal was rejected by the Muslim Brotherhood as talks of any sort became more and more difficult. The Salafist Nour party, the second largest Islamist force, pulled out of negotiations over a new caretaker prime minister and cabinet.

Rumours started that pro-reform leader Mohamed El Baradei would be appointed as interim prime minister after he had met with Mr Mansour. However on 8 July Mr Mansour named ex-finance minister Hazem el Beblawi as prime minister and el Baradei as vice president. Talks on forming a cabinet began on 10 July. Mr Beblawi said that he would offer positions to Brotherhood's FJP and the ultraconservative Salafist Nour party, even though both had refused to take part in the talks. On 9 July Saudi Arabia and the United Arab Emirates announced aid packages for Egypt – US\$8 billion and US\$3 billion respectively. The aid will be a mix of cash, central bank deposits and oil products. An interim government was sworn in on 16 July. Army chief General Abdel Fattah al Sisi, who led the ousting of Morsi, became deputy prime minister. The US announced on 24 July that they would be delaying the delivery of four F-16 fighter jets. Riots and demonstrations in Cairo and Alexandria by groups both for and against deposed president Morsi led to a number of deaths in late July. The Muslim Brotherhood accused the army of opening fire on them. EU foreign policy chief, Baroness Catherine Ashton, had two hours of 'in-depth' discussions with Mr Morsi on 29 July. Although she was taken to see him, reportedly by helicopter, she says she does not know where he is being held. She said he was well and able to follow developments through television and newspaper in early August US senators John McCain and Lindsey Graham joined top diplomats in Cairo to help find a peaceful solution to Egypt's political stalemate. On 7 August the interim government said foreign mediation had failed. The US and the EU called on all sides to end 'a dangerous stalemate'. The army-backed government was reported as

saying it will break up sit-ins in Cairo being held by supporters of ousted President Morsi. Although the government said they would be dispersing the two sit-ins supporting Mr Morsi, on 12 August they postponed their plans. In the early hours of 14 August armoured troops moved on the demonstrators's camps. Initial reports were of hundreds killed. A state of emergency was declared on 14 August and Mohamed El Baradei resigned as vice president. There was widespread international condemnation. The US still refrained from calling the army take over (on 3 July) as a 'coup' since under US law this would mean withdrawing all aid (US\$1.15 billion), nearly all in the form of military aid. The number of persons killed was finally recorded as 638 and those injured over 3,500. On 16 August the Muslim Brotherhood called for a 'day of anger' protest in Ramses Square. Over 170 were said to have died. On 17 August the army laid siege to al-Fath mosque and eventually cleared away the demonstrators. Reports circulated that interim Prime Minister Beblawi had proposed dissolving the Muslim Brotherhood. Army chief, General Abdul Fattah al Sisi, said in a speech on 18 August that 'We will not stand idle in face of the destruction and torching of the country, the terrorising of the people and the sending of a wrong image to the Western media that there is fighting in the streets'. In an apparent move to address the adverse international reaction his comments followed those of a presidential advisor who accused Western media of ignoring attacks on police and the destruction of churches blamed on Islamists. On 19 August it was reported that 36 members of the Muslim Brotherhood died while being transported to prison. Muslim Brotherhood leader, Mohammed Badie, was arrested on 18 August; his deputy, Mahmoud Ezzat, temporarily replaced him as 'general guide'. Hosni Mubarak was released from the Tora jail on 22 August, ostensibly because he had served the maximum amount of pre-trial detention. Initially taken to a military hospital, he will remain under house arrest until he can be tried on charges of corruption and being involved in the killing of demonstrators during the 2011 protests. The interim government relaxed the curfew on 25 August. Mr Mubarak and his two sons appeared in court on 25 August. On 1 September the state prosecutor referred ex-president Morsi for trial on charges of inciting the murder of protesters. Four TV stations, including Ahrar 25 (run by the Muslim Brotherhood) and Al Jazeera, were ordered to close by the government on 3 September. This follows a crackdown on media said to be in support of Mr