

US Military Aid to Egypt

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In 1986, Egypt's Minister of Defense Field Marshall Abd al-Halim Abu Ghazala, complained that the 1.3 billion dollars of US military aid were no longer enough, and pledged to ask US officials for a raise of a several more hundred million dollars. Egypt had started to receive this annual amount of security aid seven years earlier, after signing the 1979 peace treaty with Israel, and Abu Ghazala explained that global prices of arms increased ever since.[i] In the 1980s, Abu Ghazala obtained F-16 fighter aircrafts that each cost about thirty-six million dollars.[ii] If he were still alive today, he would be shocked to learn that each one of the same aircraft now costs 125 million dollars.

Last week, a [Washington Post](#) article complained that Egypt's generals have "ignored" Washington and its political advice for the past two years, and called this a "collapse of US prestige and influence in Cairo." The article criticized the Obama administration for not using the "leverage" of US military aid by possibly suspending it. Yesterday, President Obama and the Pentagon responded to many such calls in Washington by [delaying the shipment of F-16 fighter jets to Egypt](#). The bad news for US officials is that American military aid to Egypt, which remained unchanged at 1.3 billion dollars for the past thirty-four years, has lost most of its value.

Generally speaking, the Egyptian people know very little about US military equipment that the government procures, because such information is normally classified. But the Egyptian civilian masses are now very familiar with three fancy US-made defense products, which made frequent appearances in or near Tahrir Square over the last two and a half years. Many Egyptians have taken photographs next to (or atop) M1A1 tanks, or pointed their green laser rays at Apache helicopters roaming over large protests at night. Moreover, Cairo residents of all social classes often times hear the deafening sound of F-16 fighter jets flying low over residential areas, presumably to deter dissidents.

When the US military aid package began three decades ago, the prices of the above items were considerably cheaper in comparison to current prices. As explained below, US military aid lost significant value over the past three decades.

In 1979, US officials presented some good, and other absurd, reasons for launching the aid package to Egypt, under the umbrella of the Foreign Military Financing (FMF) program. The assistant secretary of state for Near Eastern affairs indicated that the security program for Egypt would help it replace obsolete Soviet equipment and modernize the army, and, more importantly, enable President Anwar al-Sadat "to reduce the size of his forces." [iii] In response to some officials' concerns about the transfer of advanced jet technology to the Egyptians, the Department of Defense's director of the security assistance agency asserted that this process would also allow the US army much needed access to Egyptian officers. "[S]uch sales and the related training, operations would give the U.S. greater access to

Egyptian officers. The Egyptian government in the past had limited such contacts.”[iv] An intelligence review presented in Congress added that another reason for aid was to downsize the Egyptian army into two small divisions, each of a few thousand officers. These divisions would act as “striking forces” to serve specific security goals on behalf of the NATO—especially in the oil-producing Arabian Gulf. But there were concerns that this might turn the Egyptian army into mercenaries:

The crux of the Camp David treaty is the establishment of Egyptian and Israeli military power as regional “strike forces” to move into oil-producing regions at the behest of NATO. To achieve this, the two countries will be provided with massive arrays of and military-directed financial aid...The crucial factor in Egypt is to be the transformation of that country’s citizen- republican army into a truncated force of two “elite” divisions comprising 5,000 men each, to be used as “strike force” intervention units into the region. According to one top Zionist lobby source with extensive Pentagon connections, “Egypt does not need a big army, and there is no way anyway that the Egyptians can logistically run any big military operations. At this point, the only useful thing for us to think about is to create special divisions that can be used for roles in Africa and in the Arabian Gulf.[v]

Under Abu Ghazala in 1984, the Egyptian military budget was 1.8 billion dollars, in a total state budget of fifteen billion dollars. This meant that US aid amounted to more than seventy percent of the military’s budget, and about nine percent of the state budget.[vi] Under General Abd al-Fattah al-Sisi today, the military budget is about four billion dollars, with a total state budget of about ninety-five billion dollars. This means that US military aid has decreased to around thirty percent of the official military budget, and only 1.3 percent of the state budget.[vii] More importantly, the Egyptian military annually earns hundreds of millions of dollars from off budgetary revenue through its vast business empire in the civilian sector. For example, it is known that the military was recently able to afford lending the state as much as two billion dollars.

According to a US Government Accountability Office report, up until 2005 Egypt received 880 M1A1 tanks, thirty-six Apache helicopters, and 220 F-16 aircraft.[viii] The prices of these items have increased tremendously over the last thirty years.

Located in a populous neighborhood in the south of Cairo, Helwan, Military Factory-200 has been proudly coproducing M1A1 Abrams battle tanks in collaboration with the United States since its founding in the late 1980s. Working with General Dynamics Land Systems of Sterling Heights in Michigan as the main contractor, Egypt gets to assemble and manufacture parts of the M1A1 tank. The aid conditions require Egypt to hire US shipping companies to transfer the parts.[ix]

The price of M1A1 doubled over the past three decades. In the early years of its coproduction, the cost of an M1A1, including constructing the Helwan factory itself, was estimated at a maximum of six million dollars.[x] In 2011, the price almost doubled to 10.6 million dollars, minus the cost of the already built production infrastructure. As mentioned above, Egypt so far coproduced 880 tanks with the old changing price. It has [requested](#) 125 additional [tanks](#) at the new cost through General Dynamics of Michigan, and [is due to receive](#) them this year— unless the shipment gets suspended.

In the case of F-16 aircrafts, the price has skyrocketed. During the early phases of United States-Egyptian defense cooperation, the Egyptians had their heart set on the F-4E Phantom

II jet, which had caused Egypt significant losses during the Attrition and 1973 wars. Thus, Egypt ordered thirty-five of the phantom jet, each at a cost of no more than [seventeen million dollars](#).^[xi] Just as Israel was already receiving the more advanced F-16 through its own US aid package, Egypt soon switched interest and placed an order of the same aircraft in 1980.

Egypt received the first shipment of F-16s in 1982 at an estimated unit cost of about twenty-five million dollars—or thirty-six million dollars if one includes the price of spare parts and the cost of training.^[xii] A few weeks ago, Egypt started to receive a new shipment of twenty jets, at a significantly higher unit price of 125 million dollars, including associated weapons and spare parts. [This shipment](#) received congressional approval in 2009, and the Maryland-based Lockheed Martin Company is the main supplier.^[xiii] This shipment would have joined the Egyptian Armed Forces' large fleet of F-16 Fighting Falcons to make it reach 240 jets, but it was [delayed yesterday](#) for political considerations without specifying a date of delivery.

As for the Apache helicopter, its price increased almost seven-fold over the past twenty years. In 1995, Egypt started to buy Apache Helicopter-64 (AH-64) from Boeing. At the time, the [price](#) of an AH-64A was estimated at eleven million dollars. In 2000, Egypt upgraded its fleet of thirty-five Apaches from AH-64A to AH-64D at a unit price of [11.4 million dollars](#).^[xiv] In 2009, the price of an AH-64D was sixty-eight million dollars.

Because the aid that Egyptian generals receive from the United States is no longer enough for diverse procurement, they now rely on their own off-budget revenue from their vast economic enterprises to buy arms from other suppliers in Europe and Asia. A recent congressional report claims that eighty percent of Egyptian procurement comes from the United States, which was probably correct three decades ago. The large revenue that the Egyptian army generates through its profitable civilian production and the secretive nature of its transactions suggests that this figure is less accurate today. For example, there is at least some discussion in Congress about the large Egyptian procurements from China and Russia. For example, a 2011 congressional report indicated, "Egypt [purchased 800 million dollars](#) in Chinese weapons since 2003 and 600 million dollars from Russia."

The world today is much different than what it was thirty years ago when the United States kicked-off its annual aid package to Egypt. In the global context of the Cold War, the United States was a growing empire that eventually managed to defeat its nuclear enemy. Today, the United States, as many world historians would argue, is an empire in decline and suffering from a financial crisis and fierce competition with rapidly rising economies. Since the events of 30 June in Egypt, when the military helped oust President Mohamed Morsi, many voices in Washington debated cutting military aid in order to punish the Egyptian generals for undertaking a coup. The decline in the value of the US aid package to Egypt suggests that current controversy about how Washington can pressure Egypt's generals into accepting US advice overestimates US leverage over the country's military. The expectation that the generals will follow Washington's lead can no longer be taken for granted.

Notes

[i] Al-Mushir Abu Ghazala wa-al-Sahafa (Interviews with Minister of Defense and Military Production Abu Ghazala) (Cairo:1996), 250.

[ii] The thirty-six million dollars estimate is based on an official cost of a sale to Israel presented to Congress in 1983, and it included spares, support equipment, and training. Hearing and Markup Before the Subcommittee on Europe and the Middle East of the Committee of Foreign Affairs of House of Representatives. Economic and Military Aid Programs in Europe and the Middle East (Washington, D.C.: US Government Printing office, 1983), 45. For the recent price of 125 million dollars see: <http://www.fas.org/sgp/crs/mideast/RL33003.pdf>, 11.

[iii] "Supplemental 1979 Middle East Aid Package for Israel and Egypt. Hearing and Markup before the Committee on Foreign Affairs" (Washington, DC: US Government Printing Office, 1979), 3.

[iv] Ibid., 115.

[v] Ibid., 236-237.

[vi] Al-Mushir Abu Ghazala wa-al-Sahafa, 211.

[vii] See the [Egyptian state budget of FY2012-2013](#). Military spending in Egypt between 1979 and early 1980s only increased threefold. See "Hearing and Markup Before the Subcommittee on Europe and the Middle East," 1983, 75.

[viii] United States Government Accountability Office, "Report to the Committee on International Relations, House of Representative." Security Assistance, April 2006, 2.

[ix] Jeremy M. Sharp, "[Egypt: Background and US Relations](#)," Congressional Research Service Report to the Congress (Washington DC, 27 June 2013), 10.

[x] United States General Accountability Office, National Security and International Affairs Division, "To Subcommittee on Foreign Operations, Export Financing and Related Programs," July 1993, 4.

[xi] Price covers a number of associated missiles.

[xii] The twenty-five million dollars is an estimate mentioned in Washington Post in 1989, and this price includes support equipment and no training. "Pakistan to Get 60 F-16 Fighters At Estimated Cost of \$1.5 Billion," Washington Post, 12 July 1989: A3. The thirty-six million dollars estimation was a price offered to Israel in 1983. "Hearing and Markup Before the Subcommittee on Europe and the Middle East of the Committee of Foreign Affairs of House of Representatives." Economic and Military Aid Programs in Europe and the Middle East, 1983, 45.

[xiii] See Jeremy M. Sharp, "[Egypt: Background and US Relations](#)," 11.

[xiv] Price includes spares and training.

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