

DECIPHERING EGYPT'S TRANSITION

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- Egypt has entered a critical transition process. With President Mubarak's health reportedly deteriorating, the stage is set for a transfer of power during next year's presidential elections. The outcome of this transition will be crucial for the region.
- Recent parliamentary elections have been a political farce, turning the country into a one-party state. While they show the regime's determination to closely control the transition process, they have also demonstrated its inherent weakness and divisions.
- With the main opposition candidates unable to run in next year's presidential contest, the choice is likely to be between Mubarak's son Gamal and another regime insider.
- Irrespective of who succeeds Mubarak, Egypt's next President will lack popular legitimacy and will have to assert his authority against domestic challengers. This will make Egypt an unpredictable and potentially volatile partner for the West.
- In the short run, the EU will be forced to walk a tight-rope between encouraging more democracy in Egypt and preventing a slide to instability. When doing so, it ought to signal to the regime that any further democratic transgressions carry a price.
- In the long run, the EU has to get used to the idea of dealing with a very different Egypt. This means that it needs to reconsider the role of Egypt in its Mediterranean and Middle East policies and adapt its bilateral relations to the new political realities.

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Demonstrators in Cairo protested against the possible father-son succession in September 2010. Photo: Nasser Nouri.

Egypt has arrived at a crossroads. After almost three decades in power, the Mubarak era is coming to an end. With President Hosni Mubarak's health reportedly deteriorating, the stage is set for an uncertain transition. Egypt's botched parliamentary elections have been the first act in this succession drama, paving the way for next year's decisive presidential elections. As the Middle East's traditional power-house, the outcome of this transition process is going to have important repercussions that will be felt far beyond Egypt's borders.

This briefing paper reviews the issues at stake in this transition. It provides a snapshot of Egypt's current social and political predicament and describes the outcome of the recent parliamentary elections and their impact on the upcoming presidential contest. Finally, the paper evaluates the EU's relations with Egypt in the light of these events, and asks what kind of relationship the EU should develop with Egypt in the post-Mubarak era.

Mubarak's Egypt

Today, Mubarak's Egypt is a country rife with contradictions. Egypt's economy, following decades of slow growth and public mismanagement, turned a corner in the mid-2000s when an economically liberal and reformist government abandoned state-planning and opened the country to foreign trade and investment. Since then, the Egyptian economy has registered record economic growth rates, a rapid expansion of exports, windfall foreign investments and a steady reduction in public debt. Solid domestic demand also meant that Egypt has

breezed through the global financial crisis relatively unscathed.

But while Egypt's economic miracle has filled the bulging pockets of the super-rich and facilitated a modest expansion of the middle class, little trickles down to the four-fifths of Egypt's population forced to subsist on less than \$3,000 per year. Bread shortages and spiralling food prices in 2008 provoked social unrest and violence. And while the Egyptian government reacted by stockpiling wheat and expanding food subsidies, 2010 has seen a record number of labour protests throughout the country.¹ Demanding a rise in the minimum wage and a rollback of privatization, these protests attest to the fact that for the vast majority, Egypt's economic miracle remains simply a Fata Morgana.

Things have been similarly duplicitous when it comes to Egyptian politics and society. Politically, Egypt experienced a brief opening throughout the mid-2000s. Given heavy international pressure, Egypt's 2005 parliamentary elections were more open than usual, allowing independents from the country's banned Muslim Brotherhood to capture a record 88 of the 454 seats and exposing serious rifts within the ruling National Democratic Party (NDP).² 2005 also witnessed the growth of the first non-partisan oppo-

¹ According to the Solidarity Center a total of 1.7 million workers participated in labour-related protests during 2004-2008. Solidarity Center (2010), Justice for All: The Struggle for Worker Rights in Egypt, p. 14.

² The MB gains brought the share of opposition deputies in parliament to a record 25%.

sition movement, *Kifaya* (Enough!), uniting parts of Egypt's habitually squabbling opposition. Egypt's press, throughout these years, became freer and more willing to challenge the government, buoyed by one of the most dynamic blogospheres of the Arab world that has grown on the back of relatively open and unfettered internet access.

However, in preparation for the upcoming transition, the government switched into reverse gear in 2007: new constitutional amendments suspended judicial supervision of elections and bolstered the powers of the president; state violence and physical assaults brought down *Kifaya*, which had been weighed down by ideological divisions; and state propaganda and targeted arrests sought to undermine the Muslim Brothers. Rampant corruption, widespread cronyism and the indiscriminate violence and torture methods of the state security services have further deepened the state-society fissure. Growing sectarian violence, primarily between Muslims and Copts, through the late 2000s, is also threatening to undermine the fragile social texture of Egypt's multi-ethnic society.

In regional affairs, Egypt remains the indispensable country. Over three decades, Mubarak's Egypt has been the linchpin of the *Pax Americana* in the Middle East, receiving generous handouts and loans to the tune of \$1.5 billion per year in return. Egypt's friendly relations with Israel have provided it with a central role in the peace process and made it a pole of stability in troubled times. As the region's traditional cultural and political powerhouse and its most populous country, it came as no surprise when Barack Obama chose Cairo as the location for his 2009 keynote speech on the region. Nor is it surprising that the EU relies on Egypt to co-manage its Mediterranean policies.

However, after decades of unrivalled regional leadership, there is now a growing feeling amongst Egyptians that their country is losing its foothold in international affairs. America's ill-considered regional adventures and Mubarak's conspiring with Israel over Hamas and Gaza has earned Egypt the sobriquet of being the region's American poodle. The much-noted rise of Turkey, Iran and the GCC countries has cast the spotlight on Egypt's declining regional influence. Egypt's failure to be included in the G-20 seems to have been the final nail in the coffin for its leadership ambitions. While the gov-

ernment has sought to paper over this decline by highlighting its role in the peace talks³, this fall from grace is painfully obvious to most ordinary Egyptians recalling the days of Nasser.

Mubarak's Egypt therefore represents a paradox, combining rapid economic growth with poverty and bread shortages, political and social dynamism with authoritarianism and sectarian strife, and leadership ambitions with regional decline. The result remains in the eye of the beholder. While some see a country proudly and prudently pushing forward, others perceive a declining regional power spinning towards a domestic upheaval with the potential to engulf the entire region. What seems certain is that Egypt is heading for a volatile transition, the outcome of which will be crucial for the future of the region.

Parliamentary farce...

The first act in this transition process has been Egypt's parliamentary elections of late November to early December. Widely forecast to be anything but a free and fair expression of the popular will and coming on the back of the rigged elections for the Egyptian *Shura* Council in June, their outcome even shocked some of the regime's most ardent supporters and provided an inauspicious outlook for Egypt's political transition.

In the run-up to the elections, domestic and international attention was captured by the appearance of the popular former head of the International Atomic Energy Authority (IAEA), Mohamed ElBaradei, as a new force on the Egyptian political scene. In February 2010, ElBaradei encouraged the formation of the National Association for Change (NAC), a broad opposition movement that has campaigned to collect signatures for a seven-point programme of constitutional reforms.⁴ While the NAC succeeded in generating considerable media attention and attract-

³ The full extent of the government's desperation became obvious when Egypt's state media published a photo-shopped picture of Mubarak walking ahead of Obama, Netanyahu and Abbas during the Washington peace talks. The original picture, circulated by the independent media, showed him trailing the procession.

⁴ This programme includes issues such as ending the state of emergency, ensuring full judicial oversight of elections and giving Egyptians living abroad the right to vote.



Election officials amidst the ballot boxes. Photo: Sarah Carr.

ing the support of several political parties, including the Muslim Brothers, its impact on the elections has been negligible. Criticized for his alleged aloofness from Egyptian politics and for his decision to cooperate with the controversial Brotherhood, ElBaradei receded further and further into the background and the NAC's call for an opposition election boycott went largely unheeded.

In the absence of a shared leadership and election programme, Egypt's 24 licensed political parties proved unable to conduct an effective political campaign and spent as much time bickering amongst each other as they did challenging the government. Egypt's Muslim Brothers, similarly, entered the elections in a weakened state. Following the election of the conservative Mohammed Badie as its new Supreme Guide, the Brotherhood has been uncharacteristically divided. Some factions within the Brotherhood now favour turning their backs on the political process and refocusing their agenda on religious works and proselytizing. Although the Muslim Brothers eventually decided to field 135 candidates (compared to 160 during the last elections), a full quarter of them were disqualified, mainly for using the banned campaign slogan "Islam is the solution".

While the opposition proved less determined and united than in the previous elections and had to do without significant international pressure, the ruling National Democratic Party (NDP) seemed intent on preventing a repeat of 2005. Before the elections, the NDP leadership cleared out the ranks and adopted strict candidacy rules to prevent members unable to win a seat from running as independents. In a further attempt to paper over internal division, the

NDP nominated 763 candidates for 508 seats, leaving it to them to compete on election day. To ensure that no accidents would happen, the government cracked down hard on opposition groups and the independent media, closing down TV stations and newspapers and arresting opposition activists on a large scale.

The combination of a weak and divided opposition, a determined NDP, a lack of international supervision, media restrictions, police intimidation and widespread vote-buying and ballot-stuffing turned the elections into a political farce. With the participation of an estimated 12–20% (official figures claim 35%), the ruling NDP and independents affiliated with it claimed all but 14 of the 508 seats in the new parliament. The Muslim Brothers alone lost all of their 88 seats. While there was never any question that the NDP would 'win' an outright majority, most observers expected that the government would grant opposition parties a sizeable minority to maintain some semblance of legitimacy.

The fact that the new parliament will contain virtually no opposition signals the determination of the Egyptian government to keep close tabs on the political scene during the forthcoming transition. In this, the elections seem to have been a mere dress rehearsal for next year's contest, preparing the domestic and international audience for a period of political repression. At the same time, there are indications that the NDP leadership is losing control, unable to rule in even the most blatant cases of electoral fraud by its candidates. Having the opposition reduced to a mere shambles was never in the interest of the NDP. Not only did this deprive the government of vital domestic legitimacy and international sup-



El-Sayed El-Badawy (second from right) announced the liberal Wafd party's withdrawal from the parliamentary election runoffs. Photo: Sarah Carr.

port, but it also triggered a flood of legal challenges to Egypt's more independent-minded judiciary. In principle, this could lead to an eventual annulment and rerun of the elections, which would blight the presidential contest.

Ironically, the elections have also united Egypt's squabbling opposition, which no longer stands to gain from cooperating with the regime. The Muslim Brothers and the liberal Wafd have taken the lead by abstaining from the second round of voting and refusing to take up their seats in the new legislature. Both have worked with other opposition groups and a seemingly re-energized ElBaradei to set up a parallel parliament consisting of 118 former MPs and opposition activists. While their cohesion and determination will be severely tested in the coming months, the forging of a wider anti-government coalition represents an open challenge to the government. Together, these developments cast a shadow over next year's presidential contest. While reports that Egypt is teetering on the brink are still exaggerated, the botched elections have brought it that much closer to the edge.

... and presidential future

The second act in the transition process will be Egypt's presidential elections, scheduled for September 2011. With Hosni Mubarak's health reportedly deteriorating, there are now considerable doubts about whether the 82-year-old will be able to run for another seven-year term. In the unlikely event that he will be fit enough to compete, the scene will be set for a messy transition of power some time

during the new term. More likely, however, Mubarak will refrain from running and make room for his successor. Currently, there seem to be two options for this position from within the political establishment.

The first, Gamal Mubarak, has long been groomed by his father as the heir apparent. As the head of the NDP's agenda-setting policies committee, Gamal has been the brains behind Egypt's liberal economic opening. Trained as an investment banker, he represents the interests and aspirations of Egypt's business elite and growing middle class, but has few connections to the powerful military establishment and the NDP's old guard. While this is one of his selling points in the West, in Egypt his civilian credentials make him vulnerable. His close association with the unpopular economic reforms has further tainted him in the eyes of the Egyptian masses and the military establishment, which fears for the control of its monopolies and privileges. Should Gamal succeed his father, as still seems likely, he will therefore remain vulnerable to challenges from within the establishment.

Given the potential problems associated with Gamal's candidacy, a second option for Mubarak's succession would be to select a more astute regime insider. Here, the most likely candidate seems to be Omar Suleiman, the well-connected head of Egypt's General Intelligence Service (EGIS) and chief negotiator for the Middle East peace process. Earlier, an unofficial and short-lived pro-Suleiman poster campaign indicated that there is some support for his candidacy amongst the rank and file, although it is hard to judge his popularity on the street. One option that some analysts have considered is that the

75-year-old Suleiman would serve as an interim-president, before the eventual transfer of power to Gamal. For the time being, however, Suleiman remains ineligible to run, as his military rank prevents him from being a member of a political party.

With divisions between Egypt's different power centres deepening, the stage is set for a behind-the-scenes contest with an uncertain outcome. At the same time, there is little hope that any opposition candidate would be able to pose a serious challenge to the regime. Given the outcome of the parliamentary elections and the current boycott, there are few candidates that are eligible to run in the first place, excluding notable opposition heavyweights such as Mohammed ElBaradei and Ayman Nour. This leaves the future of the country in the hands of the divided and unaccountable political elite, whose ability to make skilful political decisions and compromises seems increasingly at stake.

It also means that whoever eventually carries the elections is likely to lack popular legitimacy and support. History suggests that this might create an incentive for Egypt's new president to consolidate his position by adopting populist measures—some of which might run counter to Western interests. In Washington, the fear is that a weak and inexperienced leader, like Gamal Mubarak, might be tempted to follow "Turkey's lead" and extract himself from the taxing relationship with Israel. This indicates that even discounting the possibility of some catastrophic popular upheaval, Egypt is likely to become a more unpredictable partner for the West. In the light of these developments, Western countries would be well advised to carefully consider their position during the upcoming transition process and revisit Egypt's place in their regional strategies.

Still the indispensable partner?

For the EU, just as for the United States, Egypt has been an indispensable partner. First and foremost, this has been the case concerning the Middle East peace process, where Egypt's moderating role has been widely appreciated. But also on a host of other issues, from immigration to internal security and regional stability, Mubarak's Egypt is often considered Europe's first port of call. For the EU, moreover, Egypt has long been the linchpin of its regional strategy in the Mediterranean. Throughout the late 1990s

and early 2000s, Egypt took on the role of "coordinating" the positions of the EU's Mediterranean partner countries within the Euro-Mediterranean Partnership. In 2008, Egypt naturally graduated to become the first southern Co-President of the Union for the Mediterranean—a position it still maintains despite the expiry of its two-year term.

The EU's bilateral relations with Egypt have been framed by the adoption of the 2004 Association Agreement and the 2007 Joint Action Plan. Both the Association Agreement and the Action Plan were instrumental in Egypt's decision to opt for greater economic reforms in the mid-2000s. In support of these reforms, the EU has paid a total of €2 billion in grant money since 1995. On a recent visit to Egypt, EU Commissioner Füle pledged to further increase EU assistance for the period 2009–2013, to a total of €800 million in grants and loans. Negotiations between the EU and Egypt are also underway for the conclusion of a so-called "Advanced Status" agreement that would upgrade political relations and allow Egypt to participate in EU programmes. Finally, Catherine Ashton, the EU's foreign affairs chief, recently indicated that Egypt was in line to join the exclusive list of countries with which the EU maintains a "strategic partnership".

While all of these measures are a reflection of the extreme importance the EU attaches to Egypt's role in the region, they were also meant to encourage domestic reforms and set Egypt on the path towards a more sustainable future. In this, they have been only partly successful. The Association Agreement, for its part, seems to have played a beneficial role in Egypt's economic opening. Democracy and human rights issues, on the other hand, have generally taken a back seat, given the EU's reliance on Egypt in regional affairs. Tellingly, only days after the adoption of the Joint Action Plan, the Egyptian government passed a number of constitutional reforms that Amnesty International characterized as "the greatest erosion of human rights in 26 years". The Commission's reaction was confined to stressing the EU's continued support for domestic reforms.

This strategy of combining patient engagement and dialogue with largely unconditional political and financial incentives might have been sensible in the more open and tolerant atmosphere of the mid-2000s. In the current environment, it serves no purpose. Today, any talk of further upgrading

bilateral ties is definitely sending the wrong message. At least for now, these talks should be put on ice as they would bestow the EU's implicit blessing on the current regime. But simply waiting out Egypt's succession, which seems to have been what the EU preferred, is also becoming less of an option in the current situation. This places the EU in a difficult position. While it has an interest in encouraging Egypt's transition to a stable and democratic future, pulling the rug out from under the current regime might also risk fanning the flames of instability.

When walking this tightrope during the next couple of months, the EU needs to free itself from the misleading perception that there exists an implicit trade-off between stability and democracy in the region. In the long run, neither will go without the other. Fortunately, there are some indications that the EU is learning the lessons. In his statement following the elections, Jerzy Buzek, the President of the European Parliament, emphasized that "for the EU a democratic Egypt is as important as a stable Egypt". To lend some meaning to these words, the EU ought to engage with the budding coalition of liberals and Islamic moderates around ElBaradei and signal to the Egyptian regime that any further democratic transgressions come with a price tag attached.

At the same time, the EU will need to get used to the idea of having to live with a different Egypt in the future. At least in the short run, Egypt's ability and willingness to serve as the West's first lieutenant, whether it concerns the peace process or the EU's Mediterranean policy, is going to be seriously curtailed. While there is no doubt that in the long run Egypt will remain a key partner for the EU, this partnership will have to adjust to the emerging domestic and regional realities. Rather than binding its regional policies ever more closely to a declining Egypt, the EU should broaden its regional approach to include a set of new emerging actors. This would also allow the EU to place greater emphasis on democracy and human rights issues in its bilateral relations by tying its financial and political support more clearly to progress on these issues.

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