THE KREMLIN’S CAMPAIGN IN EGYPT

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This baseline assessment is part of a series from the Institute for the Study of War on Russia’s global campaigns

Key Takeaway: The Kremlin has successfully expanded its influence in Egypt – a historic partner of the U.S. and the West. Russia has secured approval to establish an industrial zone in Port Said; concluded major energy deals including the construction of Egypt’s first nuclear power plant; increased weapons sales; and obtained Egypt’s diplomatic backing on a number of regional initiatives. The Kremlin is likely attempting to secure a naval base in Egypt in order to expand its presence in the Eastern Mediterranean Sea and contest U.S. freedom of maneuver through the Suez Canal. Russia cannot compete in the long-term with the U.S., which provides nearly $1.3 billion in annual military aid to Egypt. The Kremlin will therefore focus on offering to support Egyptian President Abdel Fattah al-Sisi in areas of core concern for his constituencies, such as security, food, and energy. Russian activity in Egypt is part of the Kremlin’s regional campaign to expand its influence in the Middle East and Africa. The U.S. must use its leverage with Egypt not only to sustain its partnership with a key regional actor and guarantee its freedom of maneuver in the Mediterranean Sea and the Suez Canal, but also to curb Sisi’s continued use of oppressive measures against his own population.

Russia has several reasons to court Egyptian President Abdel Fattah Sisi and faces little cost to doing so. Russia seeks to acquire additional strategic basing on the Mediterranean Sea from which it can project power and constrain U.S. freedom of movement. Russia also aims to use Egypt as a launch pad for its expansion into Africa. The Kremlin intends to diversify its economy by entering non-traditional markets that mitigate the negative economic effects of Western sanctions. Egypt provides a market for Russian goods - from wheat to weapons - and can serve as a route into other markets in Africa. The Kremlin is also using cooperation with Egypt to cast itself as an effective counterterrorism actor and thereby bolster its credibility as a reliable partner in the region.

The Kremlin has long sought to peel Egypt away from its partnerships with the West. The Soviet Union used naval bases at Mersa Matruh and Alexandria in Egypt. The Soviet Navy also operated out of Egypt’s Port Said. The Soviet Union and Egypt held close ties until Egypt pivoted to the West in the 1970s. The Kremlin has tried to revive its former ties with Egypt with moderate success. Russia identified an opportunity to rejuvenate this effort.
during the rise to power of Egyptian President Sisi in 2014. Russian President Vladimir Putin publicly expressed support for Sisi before he announced his intention to run for office - a bet that has paid off for the Kremlin.  

The Kremlin’s Gains in Egypt

1. **Russia and Egypt signed a deal to establish a Russian Industrial Zone (RIZ) in East Port Said on May 23, 2018.** Russia aims to establish a diversified industrial production and a logistics hub in Egypt. The total investment in the two square mile project is expected to reach $7 billion. Fifteen Russian companies have already confirmed their interest in the industrial zone, which offers broad tax benefits. The RIZ also fits into Sisi’s broader vision to expand the global trade role of the Suez Canal. Egyptian media has emphasized the job creation potential of the project. The Kremlin could also potentially repurpose the RIZ to support military operations if Russia succeeds in acquiring strategic basing in Egypt.

2. **The Kremlin has expanded its access to military bases in Egypt.** The Kremlin is pursuing an agreement that would allow the Russian Air Force to use the airfields and airspace of Egypt. Russia likely deployed Special Operations Forces (SOF) and drones to Egypt’s airbase in Sidi Barrani to support the Libyan National Army (LNA) in March 2017. Russia also reportedly deployed to a military base in Mersa Matruh in early 2017. Russia reportedly opened talks - not yet concluded - to lease the airbase in Sidi Barrani in October 2016. Russia will continue pursuing a deal to secure strategic basing in Egypt, which ISW warned about in March 2017.

3. **Russia and Egypt recently initiated combined military exercises.** Russia and Egypt held their first combined naval exercise since the Soviet era on June 6 - 14, 2015. Officers from Russia's Airborne Troops (VDV) visited Egypt from March 25 - 29, 2018 in preparation for a joint paratrooper exercise entitled "Defenders of Friendship" in 2018. The plans follow two similar exercises in October 2016 and in September 2017.

4. **Russia has increased its weapons sales to Egypt since Putin and Sisi discussed a major weapons deal in 2014.**
   - Russia sold Egypt an Antey-2500 surface-to-air missile system (SAMS) - an export version of the S-300 SAMS. Egypt received the first batch of missiles in June 2017.
   - Egypt ordered 50 MIG-29M/M2 fighter jets from Russia in December 2015. Egypt received the first batch of aircraft in 2017.
   - Egypt received a Tarantul-class missile corvette equipped with Moskit anti-ship missiles from Russia in August 2015.
   - Egypt received the first batch of Ka-52 attack helicopters from Russia in mid-2017 out of an order totaling 46 rotary-wing aircraft. Egypt also received AT-9 and AT-16 anti-tank missiles to equip the Ka-52s.
• Egypt ordered 58 President-S onboard air defense systems in 2016.29

Russian Defense Minister Shoigu and Egyptian Defense Minister Sedki Sobhy plan to discuss further military cooperation at the fifth meeting of the Russian-Egyptian Commission for Military and Technical Cooperation in August 2018.30

5. The Kremlin closed major energy deals with Egypt. Russian state-owned energy company Rosatom plans to begin construction of Egypt’s first nuclear power plant in 2020.31 Russia began negotiations to start construction of the $30 billion power plant in 2013.32 Russia extended a $25 billion loan to finance the project and Egypt agreed to repay the loan at 3% annual interest starting in 2029.33 Rosatom is already training Egyptian nuclear power engineers in Tomsk, Russia. 34 Russia has agreed to finance similar nuclear power plants in Turkey and Hungary. 35 Russia has also invested in Egypt’s Zohr Field, which contains the largest natural gas deposits in the Mediterranean Sea. Russian state-owned energy company Rosneft purchased a 30% stake in the field in October 2017.36 It later announced that it would begin production and invest $2 billion into the field by 2022.37 Russian billionaire Mikhail Fridman has also invested in Egypt’s West Nile Delta Gas Project since 2015.38

6. Russia has secured Egypt’s diplomatic cooperation and support on a number of key global and regional issues.

• Russia engaged Egypt as a partner for Moscow on Syria. Egypt voted against its traditional allies and in favor of a resolution sponsored by Russia in the UN Security Council concerning Syria in October 2016. The vote strained Egypt’s relationship with Saudi Arabia, which temporarily halted oil shipments in a manner, which added pressure to the already strained economy of Egypt.39 Russia and Egypt claimed to have jointly brokered a number of local ceasefire deals in Syria in 2017.40 Egyptian military officials reportedly participated in training-and-advising missions led by Russia in Syria.41 Sisi declared support for the Syrian Arab Army during an interview in November 2016.42

• Russia uses its engagement in Libya to deepen ties with Egypt43. Libya is one of Egypt’s key security challenges. Egypt supports Libyan National Army (LNA) Commander Field Marshal Khalifa Haftar in the hopes of stabilizing the Egyptian-Libyan border. Russia has provided the LNA with advisory support and arms deals. The Kremlin also reportedly flew wounded LNA fighters for treatment in Russia.44 Russia has leveraged its support for Haftar to boost its relationship with Egypt.

• Russia capitalizes on its enhanced relationship with Egypt for a variety of diplomatic purposes. Egypt joined Russia’s boycott of an unofficial UN Security Council meeting on Venezuela led by the U.S. on November 14, 2017.45 Both Egypt and Russia have highlighted their joint efforts to defeat terrorism and settle regional conflicts in the Middle East.46
Russian Activity in Egypt

5 MAY 2018: Russian Industrial Zone in the East Port Said
Russia and Egypt signed a deal to establish a Russian Industrial Zone in the East Port Said on 23 MAY 2018. The total investment in the project is expected to reach $7 billion. Fifteen Russian companies confirmed their interest in the project. Negotiations began in 2014.

4 MAR 2018: El-Dabaa Nuclear Power Plant
The CEO of Russian state owned energy company Rosatom stated that Russia plans to begin to construct the power plant in 2020. Russia began negotiations to build Egypt's first nuclear power plant in 2014.

3 DEC 2017: The Zohr Gas Field
Russian state-owned energy company Rosneft announced it began production at Zohr Gas Field. Rosneft purchased a 30% stake in the field in OCT 2017.

2 MAR 2017: Egyptian military base in Sidi Barrani
Russia may have deployed Special Operation Forces and drones from the Egyptian military base in Sidi Barrani. Russia also reportedly conducted talks on leasing the base in OCT 2016. The Soviet Union used the base in Sidi Barrani.

1 FEB 2017: Egyptian military base in Mersa Matrouh
Egyptian officials reported Russia used the Egyptian base in Mersa Matrouh to support Russian operations in Libya. The Soviet Union used the base in Mersa Matrouh from 1969 to 1975.
7. Russia has resumed direct flights with Egypt and installed security personnel in Egypt’s airports. Moscow’s Sheremetyevo International Airport has placed permanent security staff in Cairo International Airport to oversee flights from Cairo to Moscow.55 EgyptAir reported that state security service officers from Russia would also be present at Cairo International Airport.56 These flights resumed on April 12, 2018, after a halt following the downing of a Russian passenger aircraft over the Sinai Peninsula by ISIS on October 31, 2015.57 Russia has successfully embedded a security presence in Egypt through which it might gain access to security information on Egypt’s critical infrastructure.

Trajectory & Implications

Russia will continue expanding its influence in Egypt in the absence of deterrence from the West. The Kremlin’s efforts will remain focused on expanding its economic and military footprint as well as deepening its relationship with Sisi.

- **The Kremlin will focus its value proposition to Egypt on security cooperation, food safety, and energy investment.** Russia cannot compete with the large-scale military support or investment provided by the U.S or China in Egypt.58 Russia can however target key concerns of Sisi’s constituencies by positioning itself as a reliable food supplier, energy investor, and security partner. Egypt is already the biggest buyer of Russian wheat.59 Egypt heavily subsidizes energy but Sisi has recently come under pressure to cut fuel subsidies in order to revive the economy.60 Foreign investment into Egypt’s energy sector might reduce the pressure on Sisi’s government over subsidized energy in the long-term. Russia will continue to invest in Egypt’s energy in order to strengthen relations with Sisi. The Kremlin’s investment fits within Russia’s global effort to leverage energy investments as sources of political and economic returns.

- **The Kremlin will attempt to secure strategic basing in Egypt.**61 The Kremlin will make gradual steps to acquire a naval base and push to finalize the agreement to allow access to airbases in Egypt. The Kremlin will have the ability to constrain U.S. freedom of movement in the Mediterranean Sea if it manages to secure this strategic basing in North Africa. Russia may intend in the future to contest access to the Suez Canal.

- **The Kremlin will aim to engage Egypt in its Eurasian Economic Union (EAEU) in order to boost the EAEU’s credibility.**62 Russian media reported that the first round of talks regarding a free trade agreement (FTA) between the EAEU and Egypt will take place in September 2018.63 The EAEU includes Russia, Belarus, Kazakhstan, Armenia, and Kyrgyzstan and holds a free trade agreement with Vietnam. Russia is attempting to use the EAEU as a tool for regional influence. The EAEU, however, has so far failed to live up to the economic benefits it expected to bring to its members.64 Russia seeks to boost the EAEU’s credibility through agreements with states outside of the former Soviet Union.
• The Kremlin will pursue further weapons sales to Egypt. Russia wants to sell communications and command-and-control equipment as well as Ka-52K naval attack helicopters to complement Egypt’s two Mistral amphibious assault ships. The two French-built warships were originally intended for Russia but France halted the sale after Russia’s illegal occupation of the Crimean Peninsula of Ukraine in 2014.

• The Kremlin will use Egypt as a gateway for Russia’s economic, political and military expansions into Africa.

Sisi will continue attempting to balance between Russia and his core allies such as the U.S., which remains his largest provider of foreign assistance. The U.S. gave $77.4 billion in foreign aid to Egypt between 1948 and 2016, including $1.3 billion in annual military aid. Egypt has used this money to buy U.S. defense systems, including F-16 fighter jets, M1A1 Abrams main battle tanks, and AH-64 Apache attack helicopters. The U.S. temporarily suspended military aid to Egypt following Sisi’s rise to power but reinstated it in March 2015. The U.S. began to deliver military equipment to Egypt in support of counterterrorism operations in 2016. Egypt and the U.S. resumed joint military exercises in 2017. Sisi and U.S. President Donald Trump met at the White House and stressed the importance of their bilateral partnership on April 3, 2017. The summit marked the first visit of an Egyptian president to the U.S. since 2004.

The U.S. must leverage its influence effectively to achieve its national security interests in Egypt. These interests do not stop with the need to preserve the current partnership with Egypt, which helps secure the U.S.’s freedom of movement in the Mediterranean and Red Seas. The U.S. must also use its leverage to curb his continued crackdown against political dissent in Egypt. Sisi’s oppressive measures are not only inconsistent with U.S. values but also create fertile ground for the Salafi-jihadi movement in Egypt and beyond. The U.S. also must pay close attention to Russia’s advances in Egypt as an indicator of its mounting leverage over traditional partner states, and, more generally, of the progress of its campaign to expand its influence in the Middle East.

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12 Ma’tag Abbas, “[Council of Ministers Spokesperson: $7 Billion to Build Russian Industrial Area in Port Said,”] *Masrawy*, March 7, 2018, http://www.masrawy.com/news/news-videos/details/2018/3/7/1278209%D9%85%D8%A2%D8%AD%D8%AF%D8%AB-%D8%A7%D9%84%D9%88%D8%B2%D8%B1%D8%A7%D8%A1-%D9%85%D9%84%D9%8A%D8%A7%D8%B1-%D9%84%D8%AD%D8%A7%D8%A1-%D9%87-%D8%A7%D9%84%D9%86%D8%B7%D9%82%D8%A9-%D8%A7%D9%84%D8%B5%D9%86%D8%A7%D8%B9%D9%8A%D8%A9-%D8%A7%D9%84%D8%B1%D9%88%D8%B3%D9%8A%D8%A9-%D9%81%D9%8A-%D8%A8%D9%88%D8%B1%D8%B3%D8%B9%D9%8A%D8%AF#keyword


