Egyptian Army's Economic Hegemony

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Militarization of Egypt amid Army Economic Hegemony

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The phenomenon of the Egyptian Army’s control over the country’s economy has become agreed upon by researchers and those interested in the military concern. Although the military institution maintains strict confidentiality of the information, data, and figures related to its economic activity, yet experts estimated the proportion of the army’s economy at about 50% of the State economy, while others said it was between 45% and 60%. In this context, experts questioned the statements repeated by Egypt’s Abdel Fattah Al-Sisi that the size of the army’s economy is no more than 1.5 percent of the country’s economy. Following are the most important economic activity of the Egyptian army, as well as the military regime’s moves to militarize the Egyptian State:

First: The Army’s Economy

The Army and Infant Milk

The Egyptian Armed Forces provide infant milk to the Health Ministry by importing from abroad. However, Minister of Health Dr. Hala Zayed said on July 29 that by next year the Armed Forces will be producing infant milk within the country without needing to import. Zayed’s remarks came during a session on improving the health care system at the Sixth National Youth Conference, which was held in Cairo University which was attended by Abdel Fattah al-Sisi. Zayed also announced that the armed forces will provide the Ministry of Health with 22.5 million infant milk cans in April 2019. This came during a press conference of the Minister of Health on July 11.
The Army and Public Contracts Law

On July 25, 2018, the Egyptian Council of Representatives approved the Law on the regulation of public contracts, which was previously called tenders and auctions. The law aims to fortify the army's commercial transactions through the establishment of investment partnerships between companies of the Ministry of Defense and those of the government, and the abolition of legal restrictions on the government bodies in signing no-bid contracts.

The Army and Industry

In a press conference that Lt. General Abdel-Aziz Saifuddin, Chairman of the Arab Organization for Industrialization (AOI) held during the visit of Dr. Hisham Arafat, the Minister of Transport, to the AIO's Semaf factory, he emphasized the importance of developing the Egyptian railways and enhancing the local industrialization between the Authority and the Ministry of Transport with a view to developing the transport fleet of the railway network.

Also, Major General Mohammed Said Al-Assar, Minister of State for Military Production, and Khaled Abdul Ghaffar, Minister of Higher Education, signed a protocol of cooperation between the Military Factory-999 and the Faculty of Engineering, Ain Shams University. Al-Assar explained that this protocol aims to manufacture CNC-operated machines, as well as the development of ordinary machines to operate with digital control system.
Second: Militarization of the State

Lt. General Sedki Sobhi May Join Wafd Party

According to Egyptian political sources, there are arrangements underway to announce accession of a number of prominent military figures to the Wafd Party, the historic liberal party in Egypt, within the framework of pre-agreements. The sources added that former Defense Minister Lt. General Sedki Sobhi came on top of these military figures. Last May, former spokesman for the army Ahmed Samir joined the Wafd Party as its vice-president for youth affairs. It is noteworthy that shortly after the so-called “presidential elections”, Bahaa Abu-Shukka, known for his loyalty to the regime, was elected president of the Wafd Party.

Maj. General Mohamed Amin Nasr Attends Sisi’s Meetings with Ministers

Sisi was keen since the beginning of his second term in office on the presence of Major General Mohamed Amin Nasr, head of the Financial Affairs of the Armed Forces and one of the members of the Supreme Council of the Armed Forces in all his (Sisi’s) meetings with ministers. The last meeting that Nasr attended was on Tuesday, 24 July 2018, where Sisi met with Prime Minister Mostafa Madbouly, ministers of Finance and Health, and the chairman of the Administrative Control Authority.

Sisi Tightens Grip on Intelligence and Promotes His Son

Abdel Fattah Al-Sisi has reportedly promoted his son Mahmoud from the rank of Major to the rank of Brigadier-General and appointed him deputy head of the General Intelligence Directorate. This comes after Al-Sisi’s younger son, Hassan, a former engineer in an oil company, was appointed to the Department of Communications of the General Intelligence Directorate.
Al-Sisi appointed his eldest son Mahmoud as a senior official responsible for the “internal security” of the General Intelligence; thus “Mahmoud” has become the “powerful man” in the apparatus, participating in official meetings held by his father and his closest associates, who control the intelligence agency, after a “massive elimination” operation was carried out. Al-Sisi’s influence has grown stronger in the General Intelligence Service after his youngest son “Hassan” was appointed. Recently, Al-Sisi appointed his office director Abbas Kamel as GIS director, tightening his grip on the country’s most powerful spy apparatus. Critics have said Al-Sisi’s moves are to “protect his throne” and ensure the longevity of his rule.

**Third: Release of US Military Aid**

The United States announced on Wednesday, July 25, 2018, releasing $195 m of the military aid to Egypt after a year of halting the aid over human rights concerns, according to a statement from the US State Department. The decision came following the steps that Egypt has taken “in response to specific US concerns, and it cited stronger US-Egypt ties in security and counterterrorism, while also acknowledging remaining areas of concern about human rights and governance,” according to the statement.

The spokesperson of the Egyptian Ministry of Foreign Affairs Ahmed Abu Zaid said that Egypt was informed about the US decision in a phone call between the Egyptian Foreign Minister Sameh Shoukry and his US counterpart Mike Pompeo on Tuesday. He also stressed the importance of the US-Egypt strategic relations.

In August 2017, the US suspended $195m of the military aid to Egypt accusing Egypt of abusing human rights and the democratic ideals. Although the Egyptian-American relations have improved remarkably since Trump came to power, the US
Administration has taken some measures against the Egyptian regime for several reasons, including human rights violations and, reportedly, Egypt's relationship with North Korea. The US also cut $95.7m of the US aid to Egypt for the same reasons, despite the notable rapprochement between the current US President Donald Trump, and Egypt’s president Abdel Fattah Al-Sisi. Egypt is considered a strategic ally of the US in the Middle East, and receives annual US aid since signing the peace agreement with Israel in 1979 with the US mediation.