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## NOT ONLY ON THE SINAI. ISLAMIC EXTREMISM IN EGYPT

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On 29 January 2015 the Islamic extremist group Ansar Bayt al-Maqdis conducted a coordinated attack with suicide bombers, car bombs, mortar and small arms fire on a military base, a police station, a hotel, a newspaper office, several checkpoints and various other targets in northern Sinai. In total, 29 people were killed and 58 wounded. Unofficial sources reported even higher figures (74 wounded and 45 killed)

Egypt is the birthplace of the Muslim Brotherhood. The later Al-Qaeda leader Ayman al-Zawahiri joined the organization in 1965. President Anwar el-Sadat was assassinated in 1981 by the Islamic extremist groups Egyptian Islamic Jihad and al-Gama'a al-Islamiyya. Islamic extremism is not a new phenomenon in Egypt, but it seems to be on the rise again.

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## Strategic Environment and Risk Pointers

The vast majority of the Arab Republic of Egypt's territory of 1,002,000 km<sup>2</sup> is covered by desert. The fertile valley of the Nile River forms only 4% of the country, but is home to 99% of a population of 86.9 million<sup>1</sup>.

The geostrategically important location of the country at the intersection of historic trade routes and of modern strategic lines of communication, its proximity to Israel and its role in the Middle East peace process ensures the steady attention of the West. The 167 km long Suez Canal is one of the most important trade routes in the world, providing the shortest route for vessels travelling from the Persian Gulf and southern Asia to Europe. In 2014 16,744 ships with 784,191,000 cargo tons passed through the canal<sup>2</sup>.

Environmental degradation through the loss of agricultural areas, oil pollution threatening the marine environment as well as water pollution from agricultural pesticides, raw sewage, and industrial effluents threaten not only the quality of life of the Egyptians, but also the economy. The emissions of almost 5 million cars on the streets of Cairo, the burning of refuse and industrial smog makes Egypt's capital, with a population of 20 million, one of the most polluted cities on earth.

Egypt's proven oil reserves are estimated at about 4.4 bn barrels as of 2014 (Libya: ~ 50 bn). In 2013 about 189,000 bbd of crude oil were exported. The country has the largest oil refinery capacity in Africa, but since 2011 local production has been lower than consumption, making imports necessary.

Proven natural gas reserves are estimated at about 77 trillion cubic feet (the 4<sup>th</sup> largest amount in Africa)<sup>3</sup>. New discoveries are made almost yearly. Much of the natural gas consumed domestically is used to fuel electric power plants. Due to rising domestic demand, gas exports have declined since 2010. As the price that Egypt's government is willing to pay to foreign operators is quite low, some investment projects are commercially unviable.

Revenues from Egypt's Suez Canal are one of the main sources of foreign currency, reaching about \$5.5 billion<sup>4</sup> in 2014. The currently ongoing construction of a parallel waterway and widening the existing canal will

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<sup>1</sup> Central Intelligence Agency, CIA Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/eg.html>.

<sup>2</sup> Suez Canal Authority, Brief Fiscal Year Statistical Report, <http://www.suezcanal.gov.eg/TRstat.aspx?reportId=9>.

<sup>3</sup> U.S. Energy Information Administration, "Country Analysis Brief: Egypt", 14 August 2014, <http://www.eia.gov/countries/analysisbriefs/Egypt/egypt.pdf>.

<sup>4</sup> M. Georgy, "Suez Canal revenues forecast to hit record \$5.5 bln this year", Reuters, 20 March 2014, <http://in.reuters.com/article/2014/03/20/egypt-canal-idINL6N0MH4T720140320>.

increase its capacity by allowing a longer portion of two-way traffic in the canal. It is estimated that the revenues will increase by nearly \$9 billion annually over the next decade.

Remittances and tourism are the other important sources of foreign currency income. If the political situation stabilizes, the future prospects for tourism are bright.

The agricultural sector has been since ancient times a vital component of the country's economy. The sector employs the largest portion of the workforce (almost 30%). Nevertheless, because of the rapid growth of the population and the loss of agricultural land, Egypt is no longer self-sufficient in food.

The infrastructure is well developed in comparison to neighboring countries, but suffers from chronic underinvestment. Train accidents are frequent. A lack of water system maintenance could lead to poor quality drinking water. Electric power generation is inadequate and results, particularly during the summer months, in blackouts. This has contributed to a shrinking industrial production and growing discontent with the authorities. A nuclear power plant project with a desalination facility was agreed upon during the visit of Russia's President Putin to Cairo in February 2015<sup>5</sup> and should improve the situation significantly.

Egypt's government is almost entirely dependent on aid from Saudi Arabia, Kuwait, and the UAE to maintain food and energy subsidies until the restoration of investor confidence and external financing help the country to regain some financial independence. These states were alarmed by the rise of the Muslim Brotherhood, while Qatar was the only GCC state to back the Morsi administration.

Approximately 40% of Egypt's exports are to the EU, with Italy the single most important destination (6.7% in 2013).

In 2014 the GDP growth rate was only about 3% (compared to 5.2% in 2010)<sup>6</sup>. But economic growth is expected to increase over the medium term. A key focus of the economic program is to stimulate economic activity through major infrastructure projects. But nevertheless it remains unlikely that Egypt will be able to address its economic problems any time soon on its own.

There is alarming growth in the population (98% Egyptian Arabs), which will increase to 95.6 million by 2026. The increment is highest in the

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<sup>5</sup> "Egypt, Russian Federation: Egypt, Russia to Collaborate for Nuclear Power Plant Project", MENA, 13 February 2015.

<sup>6</sup> "Egypt 2014", Oxford, Oxford Analytica Ltd, 17 September 2014.

poorest regions. 49.9% of the population is aged below 25. The growing unemployment rate stands at 13.4%<sup>7</sup>.

Social and cultural divisions are sharpened by rising levels of wealth inequality. Westernized, liberal elites are faced with the more conservative religious majority of Egyptian society who do not get their share of the country's wealth.

The Egyptian population is mainly Sunni Muslim. Al-Azhar University in Cairo is the foremost center of Arab literature and Islamic learning in the world.

Three out of the four predominant Sunni schools of law (fiqh) are represented in Egypt (Hanafi in the Nile Delta, the Western Desert and northern Sinai; Shafi'i in the Nile valley, the Eastern Desert and southern Sinai; Maliki in the south). The mystical Islamic tradition of Sufism is quite popular in various forms. Allegedly there are between 6 and 15 million followers. The Salafi movement is becoming increasingly important. Salafists believe that the Sufi practices are 'un-Islamic'. In the Nile delta there are also a few Shia.

Although the population is mainly Muslim, there is a powerful Coptic Christian minority estimated as between 6 and 15% of the population. The majority belongs to the ancient Coptic Orthodox Church, the largest Christian community in the Arab world.

Although it is frequently denied by religious leaders, there are significant divisions between Christians and Muslims and occasionally some sectarian violence takes place, involving in particular Salafists. These incidents are frequently triggered by issues like forced conversions, alleged rapes, and land disputes. The protection of the Copt community had a low priority for Mubarak and Morsi.

As the 2012 constitution failed to adequately protect their rights and religious freedoms, Copts strongly supported Morsi's removal from power. As a consequence the number of attacks on Christian businesses, churches and homes is increasing.

A main reason for concern is the ongoing civil war in Libya whose territory is used for terrorist training and as a staging area for attacks abroad. Weapons smuggling and the successful infiltration of jihadis could significantly contribute to the destabilization of Egypt. Therefore it will try to prevent the establishment of a fundamentalist Islamic State on its western border by supporting the anti-Islamist coalition of the internationally recognized government in future, regardless of who is in

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<sup>7</sup> Central Intelligence Agency, "CIA Factbook",  
<https://www.cia.gov/library/publications/the-world-factbook/geos/eg.html>.

charge of it. As a measure of last resort the Egyptian military would also intervene directly on the ground.

Egypt's armed forces have intervened in domestic politics twice in recent years, in February 2011 removing President Mubarak by withdrawing its support for him and in July 2013 by suspending the constitution and deposing President Morsi. Claiming that the military was not interested in assuming power on a permanent basis, democratic presidential elections were facilitated in May/June 2012 and May 2014. The military still considers itself the main guarantor of national security and ultimate political arbiter.

Although Islamists or suspected Islamists are prohibited from serving in the armed forces it can be assumed that there are thousands of soldiers, in particular from the rural areas, having a religiously conservative background. The crackdown on Islamists has not been met with universal approval among the conscripts. Since the ousting of Morsi all of his identified sympathizers have been discharged from the military.

Egypt's defense industry is the largest in the Arab world and entirely under military control. The military also oversees several other companies ranging from agricultural product and construction/real estate concerns to various industries. The military industry is exempt from some taxes and regulations that affect civil businesses.

There are three risk indicators that can be derived from the strategic environment.

The upcoming parliamentary elections will be protest flashpoints, in particular in the areas where there is still strong support for the Muslim Brotherhood. A heavy security force presence will probably be successful in minimizing protest escalation and property damage.

Although the Islamic insurgency is a growing threat it will not be able to entirely destabilize the country with terroristic acts. The main danger is that terrorism, targeting not only security forces but also infrastructure, the economy, and civilians, expanding from the Sinai to the Nile river valley, will deepen the economic difficulties of the country.

The main threat for the stability of the country is socioeconomic protests. They could be triggered by rising unemployment, subsidy cuts, price hikes, energy shortages, and more generally by the disappointed economic and political expectations of the people. If the required reforms are mismanaged destabilizing unrest may ensue.

## Analysis of the Islamist Groups

The Muslim Brotherhood (MB, al-'Ikhwān al-Muslimūn) was born in Egypt 1928 from an anti-colonial movement directed against imperialism and against the establishment of the state of Israel. It subsequently spread to numerous other countries. Its ideology has a pan-Islamic, political and social agenda which differs from the Salafists. The MB inspired many Islamist parties, but also Hamas, AQ and other terrorist organizations.

The MB is dominated in many countries by the middle class. Most of its members adopted a policy of non-violent reform, but this is different from country to country. Currently the MB is the world's most influential Islamic movement.

After Mohamed Morsi was ousted from power the MB was banned and listed as terrorist organization. The assets of its affiliated organizations have been frozen. Many of its members, including the leadership, have been imprisoned.

The Egyptian branch of the MB has between 100,000 and 600,000<sup>8</sup> members which makes it the largest single political group in Egypt, although it does not represent a majority view of Islam. The loyalty of its members and its organizational strength makes the Brotherhood very powerful. It remains the main political opposition to President al-Sisi's government. In the future MB supporters will likely try to exploit possibly mounting popular discontent.

Ayman al-Zawahiri took over as leader of Al-Qaeda (AQ) in May 2011 during one of the most significant periods of change in the Arab world. The "Arab Spring" provided an opportunity for AQ, but it could finally not be exploited. Zawahiri released more than a dozen messages directly addressing the uprisings. His special focus was on his homeland, Egypt. The AQ leader has encouraged and praised the repeated attacks on a gas pipeline on the Sinai. According to him, the future of Egypt is central to the destiny of the whole Muslim world.

There are several Islamic extremist groups currently active in Egypt. As the majority of the attacks is unclaimed, it is difficult to assess their individual dangerousness. The criminalization of the MB has forced its members into the underground and closer to militant groups. It is likely that several of them joined the armed fight against the government. Many groups claim that their violence against security forces is in response to the suppression of public protests.

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<sup>8</sup> The MB doesn't release membership figures.

On the Sinai many extremists try to embed themselves with the Bedouin tribes who have had an ambivalent relationship with the government, building on the historic absence of the state in the region. Many Bedouins have the perception that the reaction of the state to terrorist attacks is random and too heavy-handed, with an excessive use of force. Occasionally, moderate Bedouin leaders are attacked and killed by terrorists. In 2011 and 2013 the extremists had benefited from the withdrawal of security forces to Cairo during and after the riots.

Jamaat Ansar Bayt al-Maqdis (Group of Partisans of Jerusalem, ABM) announced its existence 'officially' on 24 July 2012 claiming responsibility for 13 attacks on the Trans-Sinai pipeline since February 2011. The campaign of ABM intensified following the ousting of President Morsi. Occasionally the group expressed its solidarity with the MB-led protests against the new government. The most important leaders of the group are probably Ahmed Salam Mabruk, a long-term Islamic extremist with some ties to AQ, and Abu Osama al-Masri, who pledged obedience to Abu Bakr al-Baghdadi, the 'caliph' of the Islamic State.

ABM adheres to a Salafi jihadi ideology while keeping its activities in the area local. The primary objective of the group is presumably the establishment of a fundamentalist Islamic state in Egypt, while the liberation of Jerusalem serves as long-term goal. The group does not show any interest in participating in the political process. Like several other Islamic extremist groups, it considers the end of Morsi's presidency as proof that the democratic process is a failure. Any process that provides power to make laws without directly referring to the Sharia is a priori unacceptable.

ABM has no known links to any other state, but coordinates with Gaza-based Palestinian terrorist groups like the "Popular Resistance Committee" and the "Mujahidin Shura Council in the Environs of Jerusalem", organizations in the orbit of the Islamic State. It is very likely that there are also contacts with Salafi jihadi groups in Libya.

The main operational focus of ABM remains in northern Sinai and along the border with Israel, although attacks are also mounted in the southern part of the peninsula, the Nile Delta, along the Suez Canal, in Cairo and in the western part of the country close to the Libyan border.

The core of the group consists of members of Bedouin tribes of the Sinai. As the activities were expanded into other parts of the country, non-Bedouin Egyptians were recruited to support and conduct attacks. Currently its numbers probably up to 1,000 members.

Since the very beginning ABM has targeted Israel with rockets, cross-border armed attacks and occasional other ground operations. Main

targets in Egypt are security forces for the economy (in particular oil and gas pipelines, energy supply, other infrastructure, and tourism), and government officials.

Preferred tactics applied in Egypt include the use of remote controlled and time-fused explosive devices, suicide bombers, small arms ambushes, assassinations, kidnapping, and coordinated larger-scale attacks. The group also has a very limited number of serviceable MANPADS<sup>9</sup> available, probably smuggled over the border from Libya.

The funding of the group is unclear, although it is obvious that ransom payments contribute in part.

ABM's pledge of allegiance to the Islamic State in November 2014 will facilitate the incorporation of other Islamic extremists and the spread of violence. Future targets will probably also include, in line with the strategy of the Islamic State, Western assets and individuals.

A further increase of the attacks of the group outside of the Sinai can be expected. The main focus will shift from security forces to the economy. ABM will remain the most active and most deadly extremist group in Egypt.

In January 2012 the newly founded jihadist group Ansar al-Jihad (also "Al Qaeda in the Sinai Peninsula") pledged obedience to Zawahiri. Its leader, Ramzi Mahmoud al-Mawafi, is known as the former doctor to Osama bin Laden. The Sinai-based group rose to prominence with a brutal attack on 19 August 2013 when 25 soldiers were executed, although it is not sure that Ansar al-Jihad was really responsible for the massacre. More recent activities of the group are unknown. Perhaps it has merged with Ansar Bayt al-Maqdis.

Ajnad Misr (Soldiers of Egypt) has been active since early 2014 in the capital area, where it claimed several attacks on security forces with small arms and IEDs<sup>10</sup>. The group is loosely connected with ABM and follows a Salafi jihadi ideology although it doesn't insist on the establishment of a caliphate. It is the most active terrorist group operating outside of the Sinai.

Ansar al-Sharia fi Ard al-Kinana has conducted a few attacks in the Sinai, but after a senior commander of the group was arrested there have not been many activities.

Kataib al-Furqan, which has links to the al-Qassem Brigades in Gaza, has claimed several ambushes on security forces all over the country with a specific focus along the Suez Canal and in Cairo. The group has also

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<sup>9</sup> Man-portable air defense system.

<sup>10</sup> Improvised Explosive Device.

attacked a tanker sailing along the Canal and a SATCOM-station in Cairo with RPGs.

Muhammed Jamal is an Egyptian militant who fought as a jihadi in Afghanistan and since the 1990s in Egypt, where he was arrested several times. Over the years he has always maintained a close relationship with AQ (including with its leader Ayman al-Zawahiri), AQIM, AQAP and various other AQ affiliates. After he was released from prison in 2011 he created his own terrorist group (Muhammed Jamal Network, MJN) and established several training camps for jihadis in Egypt and Libya with financial support from AQIP.

Jamal and 25 other members of his group were arrested in November 2012. They were accused by the Egyptian authorities of having planned to establish a terrorist cell in Cairo, in the Nasr City district (“Nasr City Cell”). The leaders of this cell were Muhammed Jamal, Sheik Adel Shehato (former member of the Egyptian Islamic Jihad and co-founder of the MJN), and Tariq Abu al-Azm (a former air force officer, arrested in 2002 by the Mubarak regime and charged with terrorism). There is no confirmation that the group is still active following these arrests.

There are several more or less important extremist groups like Al-Takfir wa al-Hijra, Jund al-Islam, Al-Salafiyya al-Jihadiyya Fi Sina, Tawhid wal-Jihad, and others.

The strategy of the Islamic extremists is obviously to initially weaken security forces in specific areas and the economy of the country. All the three main sources of foreign currency - Suez Canal shipping, hydrocarbons, and tourism - have been the targets of terrorist attacks since the army toppled President Morsi in July 2013. Over-reactions by the security forces are provoked by intent to alienate them from the population.

The worsening security and socioeconomic situation should prepare the ground for mass protests and a public uprising to finally overthrow the government.

#### The current situation and expected future developments

Regardless of the ongoing economic difficulties, energy crisis, and wide repression of opponents, the charismatic President Abdel Fattah al-Sisi has remained very popular although he has retained full legislative power in the absence of a parliament since his election in May 2014 (with 97% of the votes). He constantly urges Egyptians to keep working with him and remain patient, while promising an improvement in living standards within the next two years.

It appears that the majority of the population supports his suppression of Islamist movements and assertive response to terrorist attacks, which have increased to unprecedented levels.

Financial support from Saudi Arabia, Kuwait and the UAE will remain crucial for the economic survival of al-Sisi's government for the next few years, but will also limit his room for maneuver in dealing with the Muslim Brotherhood significantly. Any political compromise including this group is for the time being unrealistic.

Al-Sisi will most likely maintain good relations and counter-terrorism cooperation with Israel, in large part with the aim of containing the Sinai insurgency. The Gaza Strip remains of critical importance for Egypt's foreign policy.

Islamic extremists will continue targeting security forces in particular, but increasingly also the state's infrastructures (pipelines, power installations, railway infrastructure) and civilians as well as tourism. While in 2013 about 400 attacks took place, during the first 2 months of 2015 there were already more than 100. A further increase can be expected. Probably the smaller groups will consolidate around Ansar Bayt al-Maqdis and the Islamic State. Nevertheless it is unlikely that the Islamic militants will be able to undermine state stability in the near future with their terrorist attacks.

Sectarian violence will remain a problem. Sporadic outbreaks of local violence and terrorist attacks are likely around Coptic Christian and mixed neighborhoods. Risks are highest in impoverished areas of the major cities.

Mass mobilization and social unrest for economic grievances are the most serious risks, which could eventually be exploited by the Islamists. It is unlikely that the government will be able to satisfy the expectations of the population in the near future.

## Conclusions

Italy has significant strategic interests with regard to Egypt. Security interests are affected by the threat of spreading terrorist attacks and uncontrolled migration towards Italy. For Italy, a Mediterranean maritime nation, the Suez Canal is of particular importance. A disruption of the canal would have a significant negative impact. Almost 160,000,000 cargo tons a year passing through the Canal originate from or are heading to the "northern Mediterranean"<sup>11</sup>.

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<sup>11</sup> Suez Canal Authority, "Cargo Ton by Region", <http://www.suezcanal.gov.eg/TRstat.aspx?reportId=6>.

The Italian Navy contributes patrol vessels to the “Multinational Force and Observers” (MFO)<sup>12</sup>. The force, which is headquartered at al-Gorah in the northeast of the peninsula, was already subject to terrorist attacks.

Italy also has important economic interests in Egypt. As of 2014, 103 Italian companies were active in various areas from agriculture, tourism and telecommunications to various industries and the hydrocarbon sector<sup>13</sup>.

Eni has been heavily involved in Egypt’s gas and oil exploration and production since 1954. The company is currently the largest international energy player in the country. Today the IEOC (International Egyptian Oil Company, wholly owned by Eni) is the leading producer, accounting for about 28% of gross annual hydrocarbon production in the country, more specifically, 30% of liquids and 27% of gas. Eni companies operate 451,662 boe/day as of 2014<sup>14</sup>.

The currently ongoing \$ 8bn Suez Canal expansion project provides significant new investment opportunities for Italian companies.

Long-term stability in Egypt needs democracy-building. Required parameters for success include a basic understanding of ‘democracy’ (“how democracy works”), existing structures where democracy could be built upon (administration, police, legal structures/rule of law, democratic parties), a certain amount of stability and security, economic perspectives and the will of the population (democracy is only priority 3 for many people). Real democracy needs patience and time to grow!

But keeping the current situation of Egypt in mind it is doubtful that a Western-style democracy is really the best tool for the country right now. Compromises are necessary. This also needs to be realized by the EU, whose contribution to the stabilization of Egypt is essential.

Security problems are the “symptoms of the diseases”. They need to be ‘treated’, too. But the key to success is addressing the difficult socioeconomic situation, which is at the basis of the problem.

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<sup>12</sup> The MFO was established in 1981 and is tasked with overseeing the peace treaty between Egypt and Israel.

<sup>13</sup> Italian Trade Agency, “Presenza Economia Italiana in Egitto,” April 2014, <http://www.ice.gov.it/paesi/africa/egitto/upload/110/Presenza%20Economia%20Italiana%20in%20Egitto%20-%20Aprile%202014.pdf>.

<sup>14</sup> Eni, “Eni has been awarded 3 new exploration licenses in Egypt”, 25 September 2014, [http://www.eni.com/en\\_IT/media/press-releases/2014/09/2014-09-25-eni-egypt.shtml?shortUrl=yes](http://www.eni.com/en_IT/media/press-releases/2014/09/2014-09-25-eni-egypt.shtml?shortUrl=yes) and Eni, “Eni in Egypt”, November 2014, [https://www.eni.com/it\\_IT/attachments/documentazione/brochure/eni\\_egitto\\_2014.pdf](https://www.eni.com/it_IT/attachments/documentazione/brochure/eni_egitto_2014.pdf).

Egypt needs significant international support in order to overcome its domestic problems and in particular the threat of Islamic extremism. To this end it is necessary to influence the strategic environment which is also responsible for the root causes of terrorism. The trust of ordinary Egyptians in the government and their hope for improved living conditions and more jobs must be maintained and gradually satisfied. Individual freedoms, rights and human rights conditions must be slowly improved.

Keeping its strategic interests in mind Italy should play a significant role in all this.