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**University of Durham
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Studies**

**THE BOYCOTT THAT NEVER WAS:
EGYPT AND THE ARAB SYSTEM,
1979-1989**

by

Elie Podeh and Onn Winckler

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I. Introduction

It has often been argued that Egypt was isolated in the Arab system in the 1980s, in the wake of the Egyptian-Israeli peace treaty. This “ostracism” was a result of the political and economic sanctions imposed by the Arab states following the resolutions of the two Baghdad summits of November 1978 and March 1979. Indeed, the fact that the Arab League (AL) was transferred to Tunis, that most of the Arab states severed diplomatic relations with Egypt, and that harsh economic sanctions were imposed, seemingly substantiated the thesis that Egypt was indeed excluded from the Arab system for a full decade. According to this line of thinking, the Arab states’ resumption of relations with Egypt in 1987-89 and the Arab League’s return to Cairo in 1990-91 heralded its “return to the Arab fold.”¹

Moreover, Egypt’s exclusion from the Arab system coincided with another systemic process: the emergence of the Gulf oil exporting states, first and foremost Saudi Arabia, as pivotal actors. The spectacular rise of oil prices following the October 1973 “oil boom,” dramatically transformed the economy and the society in these states. Largely based on the economic capabilities of these states, many observers assessed that a new era, dominated by Saudi Arabia, was about to begin in Arab politics (coined the Saudi era, *al-hiqba al-Sa’udiyya*). Several scholars believed that this development would adversely affect Egypt’s traditional leadership role in the Arab system, and result in its relative marginalization.²

In contrast to the prevailing premise, this study argues that although Egypt was indeed formally boycotted in the Arab system, it continued to interact with the Arab states politically, economically and culturally throughout these years. According to this thesis, in spite of its formal ostracism and the rising importance of the Arab oil states, Egypt remained a key actor in the Arab system in the 1980s.

Based on Arab and other sources, this study will show that Egypt was, overtly and covertly, involved in all the core Arab issues -- the Lebanese problem, the Arab-Israeli conflict, the Iran-Iraq War and the Gulf crisis; in certain cases, it even led the Arab involvement. Moreover, an in-depth analysis of Egypt's economic performance reveals that, under the facade of a formal boycott, most of the Arab states continued interacting with Egypt, aiming at furthering their own economic interests. It should be emphasized that although a few studies suggested that the isolation imposed on Egypt was less total than the term implies,³ this argument has never been systematically and fully developed. In other words, none of these studies had analyzed both the political and economic fields and none has dealt with the entire "Boycott Decade" (1979-1989)

Misreading available information was not the only reason for the prevalence of the "isolation thesis" in the academic literature. There is good reason to believe that this argument served well Egypt and the Arab states. By highlighting its alleged ostracism in the Arab world, Egypt could more easily obtain financial and other types of support from the US and Western European countries.⁴ On the other hand, the depiction of Egypt as isolated, allowed Arab leaders to publicly demonstrate that their commitment to the Palestine question and the Palestinians -- issues that hold the key to Arab legitimacy -- remained as firm as ever. Thus, the "Arab boycott," which hardly existed in reality, was exploited as an effective tool in Arab politics.

II. The Political Dimension

Just days after the conclusion of the Israeli-Egyptian peace treaty, on 31 March 1979, a meeting of the Arab foreign and economic ministers in Baghdad resolved to impose severe political and economic sanctions on Egypt. Politically, the ministers decided to

immediately withdraw their ambassadors from Cairo and recommend the severance of political and diplomatic relations with Egypt. In addition, it was agreed to suspend Egypt's membership in the AL and its affiliated organizations and to transfer the AL headquarters from Cairo to Tunis. It was also decided to seek to suspend Egypt's membership in the non-aligned movement, the Islamic Conference Organization (ICO) and the Organization of African Unity (OAU). It was emphasized, however, that the Arab states would continue cooperating with the Egyptian people with the exception of those organizations and individuals cooperating with Israel.⁵

Most of these decisions were implemented immediately. By the end of summer 1979, the AL was operating from Tunis and most Arab states had severed their diplomatic ties with Egypt. In May, Egypt was suspended from the ICO but the initiative to suspend it also from the nonaligned movement and the OAU failed.⁶

This largely unified Arab response concealed a more complex reality. In fact, the peace treaty shook the Arab system, leading to the emergence of several groupings. Syria, Algeria, Libya, South Yemen and the PLO formed the Steadfastness and Resistance Front (SRF), which completely cut off its political and economic relations with Egypt. A second, opposite grouping consisted of Oman, Sudan and Somalia, which did not abide by the Baghdad Summit decisions and maintained friendly ties with Egypt in view of state interests. The third grouping consisted of Saudi Arabia, other Gulf States -- members of the Gulf Cooperation Council (GCC)⁷ -- and Jordan, which were initially reluctant to isolate Egypt but, under the pressure of the radical states, publicly adhered to the resolutions. Finally, Iraq, which initiated and led the anti-Sadat campaign, adopted a more extreme position than the SRF, attempting to fill the leadership vacuum left by Egypt.⁸

This post-Camp David configuration, however, underwent a transformation with the eruption of the Iran-Iraq War in September 1980, allowing Egypt to play a more prominent role in the Arab system than generally believed. This role will be analyzed in each of the five major topics that dominated the Arab agenda during the 1980s.⁹

1. Egypt and the Iran-Iraq War (1980-88)

The Iran-Iraq War served as a convenient basis for an unofficial rapprochement between Egypt and Iraq.¹⁰ Although Iraq had led the anti-Sadat camp at the two Baghdad summits, its losses in battle required a permanent and close provider of Soviet-made weapons and ammunitions. The war and the deteriorating relations with Syria due to its support of Iran, pushed Iraq to ally itself with Saudi Arabia, Jordan, and, subsequently, Egypt. The latter was anxious to resume relations with Iraq for several reasons: First, since Iraq led the campaign to isolate Egypt in the Arab world, the renewed contact constituted an implicit Iraqi recognition of President Anwar Sadat's move. Second, as the equipment of the Egyptian army was gradually replaced by US-made weaponry following the peace treaty, Egypt was more than happy to sell off its Soviet weapons and ammunition, partly produced by Egypt's arms industry, to Iraq. This trade constituted an important source of hard currency for Egypt at a time when its balance of payments was sharply deteriorating with the end of the "oil decade" in 1982 (see below). Third, in the Egyptian perception, the security of the Gulf was tied up with that of Egypt; in the words of its foreign minister Kamal Hasan 'Ali: "The Arabian Peninsula represents the strategic depth of Egypt eastwards."¹¹

On 31 March 1981, Sadat officially announced the conclusion of an arms deal with Iraq through a third party. Apparently, Oman -- one of the countries that did not sever relations with Egypt -- filled the

role of mediator. The deal was finalized during Vice- President Husni Mubarak's visit to Oman in November 1980 and the visit of an Omani minister to Egypt in February 1981.¹² It seems that both Jordan and Saudi Arabia supported the deal and facilitated the delivery of Egyptian arms. In 1982, the volume of Egyptian-Iraqi military cooperation increased; it was estimated that arms and ammunition in the amount of \$1.5 billion were sold to Iraq. In the following years, Egyptian arms were regularly sent to Iraq and, when needed, this included an emergency airlift, as during the Iranian offensive of Faw in February 1986. Evidently, Egypt was the third largest arms supplier after the Soviet Union and France. In this connection, high-level military delegations, occasionally led by ministers of defense, exchanged visits.¹³ Although there were occasional reports on Egyptian troops in Iraq, it seems that no regular Egyptian units participated in the war, only volunteers.¹⁴

The military support had been the immediate reason for the improvement in Egyptian- Iraqi relations, but it paved the way for cooperation in other spheres as well, long before the formal resumption of relations in 1987. First, apart from a short period after the two Baghdad summits, Iraq maintained a diplomatic liaison in Cairo. Second, Iraqi Airways resumed its flights to Cairo as early as May 1982.¹⁵ Third, the number of mutual diplomatic exchanges rose dramatically, beginning with a visit of high-ranking Iraqi officials to Cairo in August 1982 and culminating in the visit of Mubarak (with Jordan's King Husayn) to Baghdad in March 1985.¹⁶ Fourth, in April 1984 Egypt was involved in a diplomatic effort to end the war, which was first mooted at the conference of the non-aligned countries in India, in March 1983. Mubarak hoped that this bloc would submit the plan to the UN Security Council (UNSC) for consideration. Though the mediation attempt failed, Egypt's promotion of the plan raised its political prestige among UN members.¹⁷ At the same time, and perhaps as a political *quid pro quo*, Saddam Husayn openly called for Egypt's return to the AL. According to the Iraqi formula,

each Arab state would be allowed to renew diplomatic relations with Egypt without abrogating the Camp David accords or the Baghdad resolutions.¹⁸ An Iraqi opposition newspaper even claimed that a secret Iraqi-Egyptian agreement dealing with political, economic and military cooperation was concluded in 1984.¹⁹

The Egyptian-Iraqi rapprochement was also reflected in the economic sphere, in the number of Egyptian workers in Iraq and in their trade relations (see The Economic Dimension, below). In July 1982, Iraq also decided to establish three new villages for Egyptian *fellahin*, similar to the successful model of *al-Halisa*, built in 1976 some 40 km. from Baghdad.²⁰ Egypt and Iraq also cooperated in the cultural field. This was manifested, for example, in the Iraqi Culture Week, held in Cairo in October 1983, and the exchange visits of intellectuals throughout the 1980s. Thus, when a new site for the Egyptian diplomatic mission in Baghdad was selected in May 1985,²¹ it was apparent that the resumption of formal ties was only a question of time. Clearly, Iraq, which had initiated the boycott on Egypt in an attempt to replace it in the Arab system, had never implemented it. Ironically, the war not only blocked – at least temporarily – Iraq’s pretensions in the Arab system, it provided Egypt with the opportunity to re-assert its traditional leadership role.

2. Egypt, Syria and the Lebanese Problem

The Egyptian-Syrian-Lebanese triangle provided another arena for Egyptian activity and a possible avenue for asserting its leadership. In the absence of any other Arab involvement in the Lebanese crisis, Egypt attempted to fill the vacuum and attain three goals: support Lebanon’s claim for complete sovereignty; challenge Syria’s role in Lebanon; and detach the PLO from the SRF.

Following the Iraqi rapprochement with Egypt, Syria – along with Libya and Algeria – remained the most outspoken critic of the Camp

David Accords. Politically, Syria fully adhered to the Baghdad resolutions; it also initiated a propaganda campaign, which included, *inter alia*, the setting up of a radio station -- the Arab Egypt Voice -- broadcasting Nasser's speeches emphasizing Egypt's Arabness.²² In response, Egypt conducted an anti-Syria campaign and involved itself in Lebanon's affairs with the aim of weakening Syria, which considered Lebanon to be its exclusive sphere of influence.

Arab inaction in the Lebanese crisis was clearly manifested in the 1979 Tunis Summit. Lebanon's call for a Syrian withdrawal from its territory and the curbing of PLO activity in Southern Lebanon was met with a cool response -- the result of deep Arab cleavages.²³ In early 1981, Egypt became involved in Lebanese affairs when an opposition delegation visited Lebanon as an act of solidarity with the people -- a visit that was approved in advance by Sadat. The delegation was instrumental in the exchange of letters between PLO leader Yasser 'Arafat and Sadat.²⁴ In fact, Egyptian-Lebanese ties were never completely severed as diplomatic representation remained both in Cairo and Beirut. Moreover, the Egyptian envoy in Lebanon was asked to join a committee, headed by Butrus Ghali, the Minister of State for Foreign Affairs, which was appointed in April 1981 to follow the Lebanese scene.²⁵ Though Egypt did not play a central role in the Syrian-PLO-Israeli crisis of summer 1981, which ended with the July cease-fire, this was to change with the Israeli invasion of Lebanon in June 1982.

The Israeli invasion put Egypt in an embarrassing position in the Arab world because of its peace treaty with Israel. In reality, however, it was a golden opportunity to build new bridges with certain Arab players. Egypt launched a propaganda campaign against Israel and called, at the same time, for the convening of an Arab summit in Cairo.²⁶ Though this call went unheeded, certain Arab states resumed their demand for Egypt's return to the Arab fold.²⁷ In the wake of the war, Egypt's relations with the Phalange movement

strengthened. In fact, already in May 1981 a delegation headed by Amin Jumayyil secretly arrived to Cairo, asking for arms and political support. Another delegation visited Cairo following the election of his brother Bashir Jumayyil as president.²⁸ In late October, Egypt's Foreign Minister 'Ali secretly met with Amin Jumayyil in Rome, reportedly updating him about a plan for safeguarding the Israeli-Lebanese border, which 'Ali was to present in Washington in November.²⁹ Ghali and Usama al-Baz also visited Lebanon in mid-December to promote the idea of withdrawal of all "foreign" forces from its soil.³⁰ Such a position dovetailed with Egypt's interests, publicly placing it in the anti-Israel camp while simultaneously criticizing Syria's role in Lebanon. Thus, though still officially ostracized, Egypt was returning to play a major Arab role.

While Egypt attempted to play the role of an impartial mediator in Lebanese affairs, it also cultivated relations with the PLO. In fact, Egypt had maintained an on-going dialogue with the PLO since the beginning of the war -- a contact that was intensified during the Israeli siege on Beirut. Mubarak, for example, used to brief senior Palestinian officials in Cairo on his contacts with the Western powers and Israel concerning the Lebanese situation; and during the bombing of West Beirut Egypt provided food and medical aid to the PLO. Moreover, Egypt and France jointly submitted a draft resolution to the UNSC in July, calling for an immediate cease-fire, mutual Israeli-PLO recognition and the opening of a US-PLO dialogue.³¹ Though the resolution was vetoed by the US and faced Arab (especially Syrian) opposition, it again attested to the growing Egyptian involvement in regional affairs. 'Arafat himself, in an interview to an Egyptian weekly, called upon Egypt to use its influence for the sake of the Palestinian issue.³² During their December visit to Lebanon Ghali and al-Baz were also in touch with Palestinian officials. What united the PLO-Lebanon-Egypt triangle was their mutual hostility to the Syrian role in Lebanon.

Meanwhile, Egyptian-Lebanese contacts intensified. In February 1983, Ghali and al-Baz returned to a second visit, this time updating Jumayyil on Mubarak's talks in the US and Western Europe. Ghali also met with the Lebanese Minister of Economy and Commerce to discuss Egypt's contribution to Lebanon's rehabilitation. A few months later, a commercial protocol was signed between the two countries.³³ When the Israeli-Lebanese peace agreement was signed on 17 May 1983, Egypt fully endorsed it. Naturally, Mubarak could not disavow any agreement with Israel, but he reiterated his call for full withdrawal of all foreign forces from Lebanon. Such a sophisticated position enabled him to skirt Arab opposition, on the one hand, while attempting to undermine Syria's position in Lebanon, on the other.³⁴

The outbreak of a Syrian-backed anti-'Arafat rebellion within the ranks of Fatah in May 1983 intensified Egyptian involvement. Mubarak reportedly held informal contacts with both Syria and Israel, aiming to arrest the deterioration. In August, he discussed the Lebanese problem with US Under-secretary of State Robert MacFarlane.³⁵ Fearing a "balkanization" of Lebanon, Mubarak suggested holding an all-Arab or Lebanese conference for national reconciliation -- an initiative depicted by the semi-official *al-Ahram* as a deviation from the typical Egyptian "quiet diplomacy."³⁶ As 'Arafat retreated to the Tripoli enclave in October 1983, al-Baz secretly met with a Syrian official in Brussels, in a meeting that was mediated by the French.³⁷ In addition, Ghali once more visited Beirut in late October to discuss the withdrawal of the foreign forces.³⁸ The heavy battles in Tripoli led Egyptian intellectuals to appeal to President Hafez al-Asad to stop the "Tripoli massacre." A delegation of Egyptian opposition parties also visited the besieged 'Arafat in Tripoli in late November.³⁹

Arab mediation, in which Egypt was involved, eventually led to the evacuation of 'Arafat's forces from Tripoli in December. On his way

to Yemen, he stopped over in Cairo to meet Mubarak -- a visit that elicited criticism inside the PLO. 'Arafat's visit, however, was a culmination of a process that had begun with Egyptian support of the PLO during Israel's invasion of Lebanon. The meeting was highly important since it tacitly legitimized Egypt's peace agreement with Israel and placed the PLO within a moderate grouping that included Egypt, Jordan, Morocco and Iraq.⁴⁰ The Egyptian- PLO rapprochement enabled Egypt to play a prominent mediating role in the PLO- Jordanian conflict -- a process that eventually led to the conclusion of the Amman Accord (see below). With 'Arafat's evacuation from Tripoli, the Palestinian-Syrian rift was temporarily shelved, allowing Egyptian activity in this arena to concentrate more on improving its relations with both Lebanon and Syria.

Amicability characterized Egyptian-Lebanese relations throughout the rest of the period under review with no drastic turnabouts. In the economic sphere, a commercial protocol was approved in March 1985; in the political sphere, President Jumayyil continued his secretive periodic visits; and in the military sphere, there were indications that some Egyptian arms shipments were delivered to the Maronites. In 1987, with the growing formal Egyptian acceptance in the Arab world, other Lebanese leaders, such as the chairman of the Amal Organization, Nabih Berri, visited Cairo.⁴¹

Egypt was more interested in drawing Syria closer -- a move that would signal the breakup of the SRF. According to Egyptian Foreign Minister 'Ali, secret contacts between al-Baz and Syrian Foreign Minister Faruq al-Shara' were held in Europe from 1983.⁴² These contacts were intensified during the first half of 1984 as a result of the role Egypt was playing in enhancing a Jordanian-Palestinian dialogue. Mubarak called for the normalization of relations and congratulated Asad on the 8 March Revolution. It was also reported that Syrian Vice-President Khaddam and Egyptian Defense Minister Abu Ghazala had secretly visited Cairo and Damascus,

respectively.⁴³ As the gaps proved to be too wide to overcome, the contacts between Syria and Egypt were suspended after the resumption of Egyptian-Jordanian relations in September 1984. They were replaced by a vicious propaganda campaign that lasted for almost two years

A change in the Syrian position occurred in the course of 1986. It began with Asad's meeting with two Egyptian ex-ministers in April, continued when he hosted an Egyptian opposition delegation headed by Ibrahim Shuqri in early December, and culminated in an agreement between al-Baz and Shara' to halt the propaganda warfare later that month.⁴⁴ Another positive sign was Asad's meeting with Egyptian artists participating in the Damascus theatre festival in October. Mubarak reciprocated by meeting the Syrian delegation to the Cairo film festival in December. In both cases the delegations served as a communication conduit between the leaders.⁴⁵ Perhaps the most important meeting took place between Mahmud Riad, a former Foreign Minister, and Asad in mid-December 1986, aimed at preparing the Asad-Mubarak meeting, scheduled to take place during the Islamic summit in Kuwait. Though the two met on 29 January 1987, Asad's call for the abrogation of the Camp David Accords once more soured the relations, leading to the eruption of further propaganda warfare.⁴⁶ Egyptian-Syrian secret contacts continued, especially with the mediation of King Husayn,⁴⁷ but a real rapprochement was achieved only with the resumption of formal relations in 1989 and the outbreak of the Gulf Crisis of 1990.

3. Egypt and the Gulf Crisis (1980-88)

Egypt's involvement in the Gulf was a natural outcome of its perceived leadership role in the Arab world. The 1978-79 Iranian Revolution, the Soviet invasion of Afghanistan in December 1979, and the outbreak of the Iran-Iraq War in September 1980 drastically

changed the regional balance of power, creating a vacuum that Egypt felt bound to fill. Yet the peace agreement with Israel, which ostensibly led to Egypt's ostracism in the Arab world, seemed to jeopardize its ambitions in the Gulf: apart from Oman, all the Gulf states adhered to the Baghdad resolutions, at least formally. All these measures notwithstanding, Egypt remained an important actor in the Gulf arena throughout the 1980s. Moreover, the status of Egyptian workers in the Gulf had never been changed and they remained a significant factor in the local labor force (see the discussion in *The Economic Dimension*, below).

Egypt's determination to play a leading role in the security of the Gulf was reflected in the dispatch of several thousand soldiers to Oman in February 1979, as a replacement for the Iranian forces withdrawn after the Revolution.⁴⁸ The Egyptian move was not necessarily connected to Oman's show of loyalty but to the fact that it was strategically located on the mouth of Hormuz Straits. Egypt and Oman negotiated the dispatch of a permanent Egyptian contingent and Vice-President Mubarak visited Oman for that purpose in September, but no decisions were made. In their statements, Egyptian officials often reiterated their determination to defend the Gulf, seeing the threats posed to the area as an opportunity to form an Egypt-led Arab force. They also expressed readiness to defend Oman and Bahrain in case of an Iraqi attack, but under the pressure of the radical Arab states both politely declined.⁴⁹

Meanwhile, Egyptian-Saudi relations fluctuated between ebb and flow. In light of his previous amicable relations with the Kingdom, Sadat was highly disappointed by Saudi Arabia's cool response toward the peace process and its implementation of the Baghdad resolutions. Sadat's annoyance was clearly reflected in his May Day speech, in which he accused Saudi Arabia of a desire "to assume the leadership of the Arab nation" and ridiculed its capacity to defend other Arab states from an Iraqi attack.⁵⁰ As a result, the Saudis

decided to suspend the financing of Egypt's fifty F-5 fighter aircraft deal with the US – an agreement that had been reached only in late April.⁵¹ But a terrorist attack on the *Ka'aba* in Mecca in November and the Soviet invasion of Afghanistan in December led to some secret coordination between Egypt and Saudi Arabia regarding Gulf security, resulting in the suspension of their mutual propaganda warfare.⁵²

The outbreak of the Iran-Iraq War seemed to open up new vistas for Egypt in the Gulf. Sadat offered the US to use Egyptian bases for the defense of Saudi Arabia and Chief-of-Staff Abu-Ghazala proposed sending Egyptian forces to Saudi Arabia or any other interested Gulf state and forming an Arab naval fleet for the defense of the Red Sea.⁵³ Foreign Minister 'Ali also stated that the task of the Egyptian army was to defend any Arab country, and particularly the Gulf States, in case of an outside attack.⁵⁴ Moreover, Hasan Tuhami, the Deputy Prime Minister and former Secretary General of the Islamic Conference Organization, visited Saudi Arabia in mid-December and met, under the guise of a pilgrimage, senior Saudi officials.⁵⁵ Hoping to replace Iran as the regional policeman in the Gulf, the Saudi refusal to accept Egyptian military presence naturally upset Sadat.⁵⁶ Still, Egypt lobbied in Washington in favor of the AWACS aircraft sale to Saudi Arabia, while senior Saudi officials called for Egypt's return to the Arab fold if it abrogated the Camp David Accords. In April 1981, flights between Cairo and Madina were resumed, and a new building was planned for the Egyptian embassy in Riyadh.⁵⁷

The Saudi double-face policy toward Egypt was particularly manifest in the realm of the Arab-Israeli conflict. In August 1981, Saudi Crown Prince Fahd published a plan, which attempted to undercut Sadat's initiative to revive the Camp David peace process during his visit to the US. The Saudi plan was an indication of the growing confidence of the Kingdom in its ability to lead the Arab world -- a direct consequence of the "oil boom," which substantially

increased Saudi economic and financial capabilities.⁵⁸ Expectedly, the Saudi plan elicited an angry Egyptian response since it offered an alternative channel to the Camp David peace process, which, if accepted by the US and the Arab states, would further erode Egyptian influence. Sadat's determination to oppose the Saudi plan triggered a wave of mutual propaganda warfare.⁵⁹ As much as the Fahd Plan represented a gauntlet, as the Saudis challenged Egypt for Arab leadership, the rivalry had its roots in Egypt having been "awarded" the best Arab ally status in Washington.

Though Saudi Arabia resented Sadat's unilateral peace initiative and its economic capabilities allowed it to play a more prominent Arab role, it found itself also relying on Egypt's goodwill. In 1978, the Kingdom began building a new pipeline to the Red Sea port of Yanboā', aimed at reducing its dependency on the Strait of Hormuz. The oil and natural gas liquids were carried through the Suez Canal and the SUMED pipeline, running from 'Ain al-Sukhna, on Egypt's Red Sea coast, to Alexandria -- both under Egyptian control. With the escalation of the Gulf Crisis, Saudi Arabia expanded the capacity of this pipeline and built storage facilities near Yanboā' to serve as a strategic petroleum reserve.⁶⁰ In addition, many oil tankers and other ships carrying foodstuffs that belonged to Gulf states (particularly Saudi Arabia and Kuwait) passed through the Suez Canal annually.⁶¹ Thus, though these states formally severed diplomatic relations with Egypt in 1979, they were economically dependent on Egypt's benevolence. It can be estimated that this dependency contributed to the moderate behavior of Saudi Arabia and other Gulf Sheikhdoms toward Egypt. In retrospect, it seems that both Egypt and Saudi Arabia were aware of the existence of a certain "red line," the crossing of which would adversely affect their mutual interests.

Sadat's assassination in October 1981 removed one of the obstacles for improving Egyptian-Saudi relations since the personal dimension had constituted a major impediment. Mubarak's decision to halt all

anti-Arab propaganda also contributed to the positive atmosphere.⁶² Moreover, the completion of Israeli withdrawal from Sinai in April 1982 raised Arab expectations that Egypt would now dissociate itself from the Camp David Accords. As a sign of goodwill, Saudi Arabia allowed the entrance of Egyptian newspapers, boycotted since the second Baghdad Summit. Having no intention to follow the Saudi line, Mubarak saw the celebration as an occasion to renew Egypt's bid for Arab leadership, stating that since the security of the Gulf was part of the strategic security of Egypt, any threat to that area would be met by an Egyptian response.⁶³ Thus, Mubarak's visit to Oman in February and Sultan Qabus' counter-visit in May were intended to put some teeth into this declaration.⁶⁴

When King Khalid died in June 1982, Mubarak came to Riyadh to express his condolences. This seemingly ceremonial meeting soon turned into a substantive talk on current affairs with the heir apparent, Crown Prince Fahd.⁶⁵ It is reasonable to assume that their discussion focused on Israel's recent invasion of Lebanon -- an operation that created fertile ground for cooperation between Egypt and other Arab states. With the recall of the Egyptian ambassador from Tel Aviv, the issue of Egypt's return to the Arab fold was once more raised in the Saudi media.⁶⁶ Also, Abu-Ghazala reportedly participated in the meeting of the GCC defense ministers in Riyadh in October.⁶⁷

But all these developments were not sufficient to bring a change in the official Saudi position, which maintained that since the boycott was a result of a collective Arab decision, so should be the decision to annul it.⁶⁸ And since Syria made successful use of its veto power to prevent the convening of an Arab summit (which, incidentally, was to take place in Riyadh), the issue was shelved. It seems, however, that this position suited the Saudis, as they were not exposed to Syrian attacks, while simultaneously keeping Egypt at arm's length. Official Egypt accepted the argument that "Syrian

bullying” was the main reason for the refusal of the Gulf states to resume relations, though -- it was emphasized -- Egypt enjoys “a political presence” there with or without formal diplomatic relations.⁶⁹

Between 1984-86 Egyptian-Saudi relations remained low profile, though official visits continued, particularly to update the Saudis concerning progress in the PLO-Jordan negotiations and the peace process.⁷⁰ A change in the Saudi (and, consequently, in the other GCC countries) attitude occurred only in late 1986, with the escalation of the Iran-Iraq War, as fear of its expansion to the Gulf led to military coordination between Egypt and GCC countries. A Saudi military delegation also visited Cairo in early January 1987.⁷¹ In light of these developments, it was only natural that Kuwait should invite Mubarak to participate in the ICO summit, scheduled to take place in late January 1987. On the sidelines of the summit and in subsequent meetings with Gulf leaders, Mubarak suggested the signing of a non-aggression pact between the Islamic countries, emphasizing Egypt’s inevitable role in defending the Gulf from foreign attack.⁷² Thus, Egypt attempted to position itself in a leadership role in the Islamic and Arab circles as soon as the opportunity arose.

Early 1987 saw an upsurge in Egyptian-Gulf activity in all spheres as a result of Iran’s missile attacks on Kuwait’s oil facilities. The attack, combined with the threat posed by Iran-led fundamentalists, led the GCC states to upgrade relations with Egypt. Alarmed by the attack, these states became convinced of the need for Cairo to act as a counterweight to Tehran.⁷³ In August 1987, they asked Egypt to train their integrated army.⁷⁴ In addition, plans were reportedly drafted for the setting up of a joint Egyptian- Jordanian command with the GCC.⁷⁵ In October, following a visit by Minister of War Abu-Ghazala, an agreement was signed with Kuwait, providing for the training of military personnel in Egypt and the stationing of military

advisors in Kuwait, as well as the sale of Egypt-made surface-to-air missiles. This happened concurrent with the holding of joint Egyptian-Jordanian military maneuvers, an increase in the number of Egyptian military advisors in Iraq and military cooperation with Saudi Arabia and the United Arab Emirates.⁷⁶ Thus, it seemed that Egypt was taking a leading role in checking Iranian expansionism. In exchange for this military support, the GCC authorized in May \$1 billion to reenergize the Arab Industrial Organization, an arms factory in Egypt that had been largely moribund since the peace treaty due to lack of GCC investments. The natural reaction to the warming relationships between Egypt and the Gulf oil states and Iraq was the official end of the Arab boycott in November 1987 at the Amman Summit (see below).

Politically, a spate of mutual visits was manifested in Egyptian-Gulf relations.⁷⁷ In addition, the Egyptian-GCC cooperation included activities in the realm of education and culture. Particularly noteworthy was the silent cooperation in the education field: the lack of skilled intelligentsia had led the Egyptian government to send thousands of Egyptian teachers to Saudi Arabia and other Gulf states on a regular basis before and after 1979. Also, thousands of Arab students -- many from the Gulf -- attended Egyptian universities.⁷⁸ Cultural contacts between Egypt and the Gulf countries continued throughout the period under review as well. But the new atmosphere prevailing in 1987 allowed for more publicity. Thus, an exhibition, entitled "Saudi Arabia -- Between Yesterday and Today," opened in Cairo in June.⁷⁹

4. Egypt, the Peace Process, and Palestinian-Jordanian Negotiations

The peace process offered another avenue for Egypt to assert its leading role in the Arab system. Egyptian diplomacy focused on harnessing both Jordan and the PLO to the peace process with Israel.

Since the legitimacy of Arab leaders partially rested on the extent of their loyalty to the Palestinian cause, it was important for Sadat, and subsequently for Mubarak, to demonstrate their commitment to this issue.

As the PLO rejected the Camp David Accords, Sadat attempted to convince it that the autonomy talks constituted a viable solution. The media frequently repeated the theme that peace would lead to the establishment of a Palestinian state and that Egypt had always been the vanguard of the Arabs with regard to the Palestinians.⁸⁰ Though the PLO officially abided by the Baghdad Summit resolutions, there are indications that Palestinian officials were constantly briefed on the autonomy talks and that PLO representative, Sa'id Kamal, unofficially continued his role in Cairo.⁸¹ In addition, the annual celebration in Egypt of "Solidarity Day with the Palestinians" was an attempt to show that no change at the official or public levels had occurred. Restrictions on Palestinians in Egypt were eased and the number of Palestinian students in Egyptian universities was reportedly the highest among the Arab students.⁸²

Since the PLO rejected UN Resolution 242 as a basis for negotiations, both the US and Israel preferred to promote the so-called "Jordanian Option." Sadat, however, attempting to bolster his legitimacy and popularity, advanced an Egyptian Option, which called for the opening of a PLO-US dialogue that would subsequently lead to the initiation of a PLO-Israel dialogue.⁸³ Ostensibly adhering to the tough line of the SRF, 'Arafat did not ostracize Egypt completely. In late January 1981, he gave an interview to an Egyptian opposition paper.⁸⁴ The following month he met with 'Abd al-Rahman al-Sharqawi, Chairman of the Egyptian Afro-Asian Solidarity Organization, who delivered him a note from Sadat.⁸⁵ At the same time, with 'Arafat's tacit approval, he suggested at the European Parliament the setting up of a Cairo-based Palestinian government in exile.⁸⁶ In August 1982, when visiting the

US in an attempt to revive the Camp David process and block the Fahd peace initiative, Sadat lobbied for the initiation of a PLO-US dialogue.⁸⁷ These ideas, though stillborn, served Sadat in his quest for recognition as the champion of the Palestinian cause. While 'Arafat was toying with the Egyptian option, other PLO leaders, such as Abu Iyad and Abu Jihad, were not yet ready to seriously contemplate a rapprochement with Egypt.

While Sadat was flirting with 'Arafat, his relations with King Husayn remained frozen. The fact that Sadat objected to the Jordanian option and advanced the Palestinian case inevitably placed him as an adversary to Husayn. Yet, Egyptian-Jordanian relations were not completely cut off, as air traffic was resumed in June 1980 and low-level diplomatic representation remained in both capitals.⁸⁸ First seeds of change were visible following Sadat's assassination. In January 1982, Husayn urged Mubarak to improve relations, while Foreign Minister Marwan al-Qassem called for Egypt's return to the Arab world.⁸⁹ According to Syrian sources, Jordan also allowed the landing of Egyptian military planes on their way to Iraq.⁹⁰

Israel's invasion of Lebanon and its consequences brought about a change in Egypt's relations with Jordan and the PLO. In September 1982, in an attempt to capitalize on the devastating blow the PLO received, the Reagan Plan was published, once more according Jordan a major role in the peace process. At the same time, the Arab peace plan that was endorsed at the Fez summit reaffirmed the status of the PLO as the sole representative of the Palestinians and its role in a future state.⁹¹ These conflicting plans and the weakness of the organization in the aftermath of the war brought Jordan and the PLO closer; both needed Egypt, which could serve as a liaison in a future dialogue with both the US and Israel.

In April 1983, 'Arafat-Husayn negotiations ended in a draft agreement. Though it was not ratified by the Fatah's leadership and

the PLO's Executive Committee, Egypt had played an important role in these negotiations, mediating between the parties and representing their positions in the US and Europe. Egyptian-Jordanian relations were particularly improved; a meeting of the foreign ministers was held in March 1983, while Mubarak and Husayn met for the first time on the sidelines of the Non-Aligned Summit in India. Several meetings on a ministerial level took place during the rest of the year.⁹²

A setback, however, occurred in Egyptian-Palestinian relations, as the decisions of the Palestinian National Committee (PNC), held in Algiers in February, denounced the Camp David Accords and expressed support for the "national forces in Egypt." This was seen as an infringement on Egyptian sovereignty, leading to bitter attacks on the PLO and to a temporary freezing of relations. A Mubarak-'Arafat meeting scheduled to take place at the non-aligned summit was consequently called off.⁹³ The failure of the dialogue caused disappointment in Egypt, which hoped to use the agreement as a lever to enhance its position in the Arab world. Its relations with Jordan, on the other hand, improved, leading to the conclusion of agreements on the resumption of commercial relations and the opening of a tourist ferry link between 'Aqaba and Nu'eiba.⁹⁴

The setback in Egyptian-Palestinian relations, however, did not last long. Syrian efforts to subjugate the PLO and the Tripoli siege led to another Egyptian-PLO rapprochement. In May 1983, Butrus Ghali asserted that the crisis with the PLO had ended.⁹⁵ Against mounting internal opposition, 'Arafat decided to play the Egyptian card against Syria. In December, escorted by Egyptian vessels, he left Tripoli and met Mubarak on his way to Yemen. Though not all the PLO leadership endorsed 'Arafat's move, the visit was a kind of rehabilitation for Egypt and the peace process. As Saad Eddin Ibrahim asserted, "the entire episode bespoke a quiet symbolism."⁹⁶ 'Arafat and his deputy, Khalil al- Wazir, were convinced that only

Egyptian leadership could bring stability to the Arab world, which resembled a horse without a horseman.⁹⁷ This statement referred to the absence of a hegemon or a stabilizer -- roles that Egypt had played, or was perceived by others, to play, in the Arab system.

The contacts with the PLO were instrumental in improving Egypt-Jordan relations, yet the Iran-Iraq War constituted another cause for cooperation. Jordan, much like Egypt, was in need of the Iraqi market; it enjoyed financial benefits from the passage of goods from 'Aqaba to Iraq.⁹⁸ These mutual interests led Jordan to resume diplomatic relations with Egypt in September 1984 -- the first Arab state to take such a step before being legitimized by an all-Arab forum. In mid-October, Mubarak arrived in Amman, and Husayn reciprocated with a publicized visit in early December. The fact that the meeting took place after the November PNC in Amman, which approved the rapprochement with Egypt and a joint political action with Jordan, provided an impetus for the initiation of another round of Palestinian-Jordanian negotiations culminating in the Amman Accord of February 1985. Egypt, however, was not only involved in the drafting of the agreement; Mubarak also took upon himself to present it to US President Ronald Reagan and European leaders in his impending visits in March. He hoped that the US would reciprocate PLO's flexibility by agreeing to initiate a dialogue with it. The semi--official Egyptian media hailed the accord as a "new peace initiative," emphasizing Mubarak's role as the representative of Palestinian aspirations.⁹⁹ Thus, Egypt was once more returning to its traditional leading Arab role, this time as the spokesman of the expanding moderate Arab camp that supported the peace process

Though the Amman Accord was suspended in February 1986, Egypt succeeded in consolidating its relations with both Jordan and the PLO. Particularly intensive were those between Egypt and Jordan, with frequent meetings between Mubarak and Husayn taking place throughout the year. In late April 1985, Sultan Qabus of Oman

joined the two in a summit inaugurating the new land-sea link between 'Aqaba and Nu'eiba. By February 1986, some 300,000-350,000 people were reported to have used the route.¹⁰⁰ In addition, new economic agreements were signed and a military dialogue begun, which led to periodic joint military maneuvers under US supervision.¹⁰¹ Egypt also filled a conciliatory role in the attempts to heal the Jordan-PLO breach prior to and following the abolition of the Amman Accord, offering other avenues of cooperation. Cairo thus became the nerve center of Palestinian activity -- termed by a shrewd observer the "PLO's kingdom" -- and the transfer of its headquarters from Tunis to Cairo was also contemplated following the Israeli bombing in October 1985.¹⁰²

Far from being isolated, then, Egypt succeeded in forming an alliance with Jordan, which was tacitly backed by Iraq, the PLO, Sudan, Morocco, Oman and other Gulf states. This coalition constituted the main Arab axis against the remaining members of the SRF, which were becoming gradually isolated.

5. Egypt's Place in Regional and International Organizations

As noted, in the wake of the Baghdad Summit resolutions, Egypt was formally ostracized from the AL, its subsidiary organizations and the ICO. The transfer of the AL to Tunis was particularly humiliating because Cairo had been the center of the AL since its inception in 1945. Sadat, however, adopted a "business-as-usual" policy, claiming that Egypt's leadership (*za'ama*) was not associated with economic or demographic capabilities, but with its ability to make the right choices for the benefit of all-Arab interests. "Egypt is a leader by virtue of its structure, whether they like it or not," Sadat said, directing his remarks at Saudi and other Gulf leaders, who were thinking that Arab leadership could be bought with money.¹⁰³ In this

way, Sadat portrayed Egypt as a kind of a benign hegemon, which operates for the benefit of the system's actors and not only according to Egyptian interests.

Practically, however, Sadat institutionalized a new mechanism for asserting this "inevitable" leadership. The establishment of the League of Islamic and Arab Peoples (LIAP) in January 1980 was meant to serve that purpose. The new organization was headed by Sayyid Nawfal, the long-time assistant Secretary-General of the AL, and composed of delegates representing peoples and not governments. Symbolically, the LIAP was located at the evacuated AL headquarters in Cairo. Having the European Community model in mind, Sadat saw the LIAP as an instrument facilitating the formation of an Islamic-Arab market and an Arab Parliament. The first gathering took place in November 1980, with the participation of non-official delegates from Sudan, Chad, Libya, the PDRY, Eritrea and Western Somalia.¹⁰⁴ Though delegates from other Islamic African countries joined in 1981, overall the LIAP was a blunder, because it did emerge as a viable alternative to the AL. Soon after becoming president, Mubarak abolished the organization.

Simultaneously, in March 1980, Sadat published a lengthy document, entitled "Egypt and the New Arab Reality" [*Misr wal-Waqi' al-'Arabi al-Jadid*]. It enumerated all the Egyptian initiatives taken on behalf of the Arab nation, such as the establishment of the AL, the liberation of Arab economy (through the nationalization of the Suez Canal company in mid-1956), the leading of the Arab struggle against imperialism and Israel, etc. The aim of the paper was to emphasize Egypt's historic missions taken in the Arab interest, it conferred legitimacy on its peace initiative, portrayed as a continuation of, rather than a break with, Egypt's leadership role. In the long run, it was claimed, once the Arabs realized it served their interests, they would return to Egypt. Here, too, the Egyptian self-perception was of a benevolent leader, who acts for the benefit of the

system. The paper aimed at opening a public dialogue concerning Egypt's future policy. Three options were suggested: boycott and detachment from the Arab world; taking some kind of initiative; or sitting back and waiting until the Arabs "regained their sanity." The paper was widely circulated in the media; on 15 April it was presented to high party officials and, within a month, the discussion was to reach the district level.¹⁰⁵ The debate did not ultimately elicit the kind of response anticipated by Sadat. Moreover, the setting up of the LIAP in January 1980 meant, in fact, that he had already chosen a course of action that was consonant with his perception of Egypt's leading role in Arab and Islamic affairs.

Mubarak's accession to power marked a turning point in Egyptian-Arab relations, as a major obstacle for a rapprochement was removed with Sadat's disappearance from the scene. Mubarak initiated, in Heikal's terminology, "a silent dialogue" that was meant to restore Egypt to its leading role in the Arab world.¹⁰⁶ According to the weekly *al-Majalla*, Mubarak adopted a phased strategy for that purpose, which included the creation of a new atmosphere by halting Egyptian-Arab propaganda warfare, forming new links with Arab countries, delaying the autonomy talks with Israel at least until the completion of its evacuation from Sinai in April 1982, playing down the Egyptian-Israeli connection, and abstaining from visiting Israel.¹⁰⁷

Egypt's "silent" diplomacy intensified as the Fez summit approached. The Moroccan Foreign Minister visited Cairo in May 1982 and Mubarak's advisor, Usama al-Baz, discussed in Morocco the Fahd Plan and the Egyptian-French initiative in late August, a week before the opening of the summit. Similar contacts were held with King Husayn.¹⁰⁸ Much to Mubarak's chagrin, these efforts did not produce any tangible results at the Fez summit. Egypt was not invited to the conference and its problem was only briefly discussed. Although Sudanese President, Ja'afar al-Numeiri -- a loyal Egyptian

ally -- took it upon himself to raise the issue of Egypt's return to the AL, the delegates were divided, deciding to set up a committee to study the matter. Though it can be claimed that Egypt was present at Fez without actually being there, its disappointing results constituted a lesson that the process of its formal return to the Arab world would necessitate more skillful diplomacy.¹⁰⁹

Following his failure at Fez, Mubarak shifted his attention to international forums, hoping that Egypt's acceptance there would strengthen its legitimacy in the Arab world as well. In March 1983, Egypt participated in the Non-Aligned Conference in New Delhi. To ensure Arab support, Butrus Ghali visited several Arab capitals during February.¹¹⁰ Then, in October, Egypt was elected as a non-permanent member of the UNSC. Here, too, a campaign behind the scenes was conducted among the Arab states to ensure the election. Egypt could now claim to represent African and Arab affairs in the UNSC. Foreign Minister 'Ali used the occasion to emphasize that Egypt's election was a reflection of the respect the international community paid it and that despite the Arab boycott it had never shied away from fulfilling its pan-Arab duties.¹¹¹ Thus, when Egypt raised in the UNSC the issue of aggression against the Gulf states in 1984, it could justifiably boast that it was acting on their behalf. Moreover, 'Ismat 'Abd al-Majid, Egypt's UN representative, often used to promote Egyptian interests during his consultations with Arab ministers at the UN.¹¹²

Even more important for Egypt was its re-admission to the fourth ICO Summit, held in Casablanca in January 1984. This development was preceded by hectic Egyptian activity in Arab capitals, including the visit of Foreign Minister 'Ali to Morocco in November 1983, which was meant to ensure Arab majority for the decision. The fact that most of the Arab states supported the step indicated that the formal Arab decision to ostracize Egypt was considerably eroded. Interestingly, the ICO Foreign Ministers' 1979 meeting had

suspended Egypt, yet this decision was never formally ratified by the 1980 ICO Summit. This sudden “discovery” enabled Egypt to demonstrate that the Arab boycott was largely meaningless.¹¹³ In appreciation of King Hasan’s role in bringing Egypt back to the ICO, Mubarak visited Morocco in February 1984. Though Egyptian-Moroccan relations improved considerably, the king was reluctant to resume formal relations due to the pressure exerted on him by radical Arab states.¹¹⁴

Having been re-admitted to the ICO, which included many Arab members, Egypt now focused on returning to the AL and the Arab summit. The next summit was planned to take place in Riyadh in 1983-84 but deep Arab divisions -- and particularly Syria’s objection -- led to its postponement time and again. Adhering to its previous “silent” diplomacy approach in the Arab world, Egypt continued to pave the way for its return to the summit wherever and whenever it took place. Saudi Arabia, however, was reluctant to host the summit fearing not only exacerbating Arab divisions but that Egypt’s return would diminish its regional and international status. Its position was, therefore, that only an Arab consensus could lift the boycott since an all-Arab decision had initiated it. This meant that Egypt would remain outside the AL at least until the next summit -- a position that understandably infuriated Mubarak.¹¹⁵

Since Riyadh was reluctant to host a divisive meeting, the next Arab summit was eventually convened in Casablanca in August 1985. More than half of all Arab heads of states were absent, attesting to the existence of deep divisions among them. Though Morocco was highly sympathetic to the Egyptian demand to return to the AL, Syrian veto power and Saudi lack of enthusiasm did not allow King Hasan to invite Mubarak. Since both Syria and Saudi Arabia, for different reasons, resented Egypt’s leading involvement in Arab affairs, they put a spoke in the wheels of its formal re-admission to the AL. Its exclusion from the summit, however, did not change the

Egyptian self-perception of regional leadership nor did it affect its involvement in Arab affairs.¹¹⁶ Yet Mubarak's sense of frustration brought him on various occasions to attack Asad, Qadhafi and other Arab leaders for torpedoing joint Arab action.¹¹⁷ In June 1986, realizing that the path to the AL was still blocked, Mubarak sent envoys to five Arab capitals with a draft proposal for the creation of an "Arab Cooperation Council." In the absence of the AL, this organization was meant to be an Egyptian instrument in the Arab world. Eventually, the organization was set up only in February 1989 with Iraq, Jordan and Yemen.¹¹⁸

The issue of Egypt's return to the AL was raised again before and during the Amman emergency summit, which convened to discuss the developments in the Gulf in November 1987. Already in September, the GCC states decided, in light of the Gulf crisis and the on-going Egyptian involvement there (see above), to renew their ties with Egypt if the Arab consensus failed to do so. Since, however, a collective Arab decision was ruled out as a result of Syrian and Libyan objection, the summit adopted a more restrained formula, allowing the resumption of diplomatic relations with Egypt on an individual basis. This decision gave a "green light" to nine Arab states, in addition to the five states that already maintained full relations, to immediately renew their diplomatic relations with Egypt.¹¹⁹

In spite of these steps, Egypt was not invited to the Algiers Arab Summit, called in June 1988 to display Arab solidarity with the Palestinian *Intifada*. This was a renewed indication of the duplicity of Arab politics: behind the scenes Algeria had been in close contact with Egypt, but its diplomatic representative was not allowed to participate in the opening session even as an observer.¹²⁰ Nevertheless, Egypt's formal return to the AL was inevitable: it started with Egypt's readmission to various AL-affiliated institutions, such as the Arab Economic Council, the Arab

Educational, Cultural and Scientific Organization, the Arab Labor Organization, etc. It was finally readmitted to the AL at the 1989 Casablanca Summit and the AL returned to Cairo in early 1991.¹²¹

Undoubtedly, a formal return to Arab institutions proved to be the most difficult task for the Egyptian diplomacy. While Egyptian involvement -- mostly behind the scenes -- in the core Arab issues on the agenda was met with little Arab resistance and even encouraged, Egypt's re-admission to the AL was persistently blocked or deliberately delayed by several key Arab players, such as Syria and Saudi Arabia. This was because they realized the move would necessarily diminish their role in Arab politics. In addition, since Arab politics is largely defined in symbolic terms, such a step would be perceived as a vindication of Sadat's separate peace treaty with Israel and an abandonment of the Palestinian cause.

III. The Economic Dimension

The October 1973 "oil boom," wrote Malcolm Kerr, was "nowhere more dramatic than in the Arab states."¹²² It divided the Arab world into rich and poor states, and had a major impact on the political and economic aspects of inter-Arab relations. Though Egypt belonged to the "poor" category, its annual GDP growth rate in 1975-78 averaged 9%,¹²³ compared with a mere 3% average in the years 1966-74.¹²⁴ The major factors for this expansion were the sharp increase in the volume of *rental* incomes -- workers' remittances, massive foreign aid from both the Arab oil-rich states and Western countries (particularly the US), receipts from the Suez Canal (reopened in 1975), and increasing tourism revenue. In spite of these impressive gains, the fact that they mostly derived from *rental* incomes encouraged Sadat to opt for a peaceful solution to the conflict. In addition, Egypt began to suffer from certain economic problems in

late 1976 and the first half of 1977: increasing balance of payments deficits; a sharp rise in the subsidy burden on food and basic services; increasing unemployment rates, both open and disguised; severe shortage in the foreign currency reserves; and rapid population growth and its devastating consequences.¹²⁵ The aid Egypt received from the rich-oil Arab countries in the years 1973-77 fluctuated: Arab aid (including grants and loans) to Egypt declined from \$2.8 billion in 1975 to \$1 billion in 1976,¹²⁶ even though the Gulf oil revenues in 1976 were higher than in 1975.¹²⁷

Conversely, the economic “temptations” of peace were manifold. They included regaining the oil fields in Sinai, developing the oil fields on the west bank of the Suez Canal; reconstructing the cities along the Canal that were destroyed during the 1967 and 1973 wars; promoting the tourism sector; and attracting private investments. Moreover, peace with Israel was the only way to enjoy large-scale Western support, “on the scale of the Marshall Plan.”¹²⁸ Finally, the episode that propelled Sadat to opt for the peace option was the 18-19 January 1977 “food riots” in Cairo, in which 79 people were killed and hundreds were injured.¹²⁹

But the peace treaty with Israel had a certain price. The second Baghdad Summit decided, in conjunction with the political measures, to impose economic sanctions on Egypt. It was decided to suspend all loans and aid; withdraw all Arab official deposits in Egyptian banks; stop Arab public, bank, and other organizations from acquiring bonds, shares, and debt issues offered by the Egyptian government; stop the sale of oil and oil products; and prohibit economic transactions with Egyptian organizations and companies that cooperate with Israel or Israeli organizations. These sanctions were to be implemented in such a way that would not harm the Egyptian people.¹³⁰

In line with these decisions, the major Arab financial institutions and banks decided to ban Egypt in their activities. In addition, Saudi Arabia, Qatar and the UAE decided in May to liquidate the Arab Military Industries Organization (AMIO) -- a modern military industrial complex in Egypt with factories working under license from Western companies. Also, the Gulf Organization for the Development of Egypt (GODE) -- the main instrument for channeling development funds from the Gulf oil-exporting countries to Egypt since 1977 -- did not make any new loans, though it was not dismantled.¹³¹ And, until late 1984, the Kuwaiti Fund for Arab Economic Development (KFAED) barred any new loans to Egypt.¹³²

A full boycott could have harmed Egypt's economy severely because the Arab share in its four major foreign currency incomes -- foreign aid, workers' remittances, tourism, and Suez Canal dues -- was high, particularly in the first two.¹³³ Predictions regarding the effects of the boycott on the Egyptian economy varied: from fears that it would collapse into a deep recession to sanguineness that the negative effects would be minor, or at least not severe. Egypt's greatest fears were with regard to a possible cut in the Arab aid, the expulsion of its workers from the Gulf oil countries and a sharp decline in Arab tourism which represented a considerable share of the total tourists in Egypt.¹³⁴

Official Egyptian predictions were largely optimistic, excluding the possibility of any adverse effect on the economy as a result of the boycott even if worse came to worst, and the Arab states withdrew their balances from the banks and cut off trade relations with Egypt.¹³⁵ The main argument was that imposing the boycott would severely harm the boycotting countries even more than it would Egypt. Sadat himself predicted that the effects of the sanctions would be minor and short-term. He, according to one report, appeared "to be treating the matter [the sanctions] as a gigantic bluff on the part of the other Arab countries."¹³⁶ This optimism was based on three

assumptions: First, the SRF countries -- Syria, Iraq, Algeria, Libya, and the PLO -- did not succeed in achieving a unified Arab stance. Second, the volume of trade between Egypt and the Arab countries was small; thus, even if the worst case scenario were to transpire and the Arab countries banned Egyptian goods totally, the overall damage to Egypt's balance of trade would be marginal.¹³⁷ Finally, there was a strong mutual, although not equal, dependency between Egypt and the other Arab countries, particularly the Gulf oil states, on a range of economic aspects, mainly in the areas of Suez Canal and labor force. Implementation of a full ban would have harmed these severely as well.¹³⁸

Was Egypt's initial forecast regarding the scale as well as the effects of the Arab boycott coming true? In essence, was it "worth it," that is, were the economic stakes of the peace treaty higher than the damage of the Arab boycott? In the following section, we address the evaluations regarding the effects of the boycott on the Egyptian economy that were written in the 1990s for three main reasons: first, due to the collapse in oil prices in 1986, which led the Gulf oil-countries to change their attitude, both toward aid to other countries¹³⁹ and toward the foreign workers; second, due to the upsurge in Egyptian-Gulf activity in all spheres since early 1987 as a result of Iran's missile attacks on Kuwait's oil facilities; and third, due to the inability to compare Egypt's economic relations with the rest of the Arab countries in the 1990s as a measure for evaluating the real effects of the boycott from a historical perspective.

Broadly speaking, in retrospect, some scholars claimed, in an argument that largely paralleled the thesis in the political field, that Egypt was economically isolated as a result of the boycott.¹⁴⁰ Thus, Heba Handoussa and Nemat Shafic asserted in the early 1990s that:

Egypt...was isolated both politically and economically... Generous US economic aid

could hardly compensate for the abrupt cessation of all Arab aid, trade, and capital flows... Thus, economic aid from the US simply supplanted Arab aid at roughly equivalent levels, although often on less favorable terms... Moreover... Arab aid and private capital immediately dried up, Arab markets were effectively closed to Egyptian-based enterprises, tourist flows from Arab countries dwindled, and large Arab investments pulled out of numerous major joint venture projects in tourism, manufacturing, the free zones, and defense.¹⁴¹

There is, however, an opposite view. Examining the trade volume between Egypt and the Arab countries and the official remittances of the Egyptian workers, Paul Sullivan came to the following conclusion: "The Arab embargo against Egypt was hardly that. The GCC, especially Saudi Arabia, Jordan and most other Arab countries broke the embargo either a few years after it was adopted, or for some, like Saudi Arabia, soon after it was agreed to abide by it."¹⁴²

The following section will attempt to substantiate, by examining Egypt's performance in several major key economic issues, that the economic boycott -- much like its political counterpart -- was largely a mirage.

1. Egyptian Workers in Arab Countries

In 1973, on the eve of the "oil boom," the number of Egyptian workers in other Arab countries was estimated at 160,000.¹⁴³ Following the boom, the number increased rapidly. According to one Egyptian estimate, by early 1980 there were 1.365 million Egyptian workers in other Arab countries: 500,000 in Saudi Arabia, 500,000 in

Libya, 150,000 in UAE, 150,000 in Kuwait, 50,000 in Iraq, and 15,000 in Qatar.¹⁴⁴ According to the 1981 official Egyptian report, the number of Egyptian workers was at least 1.149 million; unofficial reports offered higher estimates -- 1.5-2.5 million.¹⁴⁵ Egypt's Foreign Ministry put the number of Egyptian workers in the Arab oil-countries in 1982 at 2.9 million.¹⁴⁶ By mid-1983, according to official Egyptian figures, 3.418 million Egyptians were working abroad, about 3 million of them in other Arab countries.¹⁴⁷

A 1985 survey of the National Population Council, found that the number of Egyptians working abroad was 1.4 million.¹⁴⁸ In 1986 and early 1987 the number fell due to the economic recession and cuts in development budgets as a result of the sharp decline in oil prices. In 1987-88, however, the number of workers in the Gulf states began to increase again. In Iraq, by contrast, the downturn in the number of workers continued, the result of two factors: first, the restrictions imposed by the Iraqi authorities on the amount of money the foreign workers were allowed to send home -- up to \$75 per month from April 1986, compared with \$180 per month previously.¹⁴⁹ Second, with the end of the Iran-Iraq War in September 1988 the demand for employment among Iraqi nationals increased.

In retrospect, during the "boycott decade" the number of Egyptian foreign workers in other Arab countries increased relatively faster than that of any other Arab labor-exporting country. Moreover, the Egyptian workers enjoyed preference over other labor migrants, both Arabs and non-Arabs, for several reasons:

- a. Officially there was no boycott on the Egyptian people.¹⁵⁰
- b. Egyptian workers, in contrast to Palestinians, Yemenites or Sudanese, were not perceived as a security threat. A study on the prospects for political agitation by foreign workers in Saudi Arabia concluded that the Egyptian migrants "may not like the conditions or the social values of the countries hosting them, but

they are totally disinclined to jeopardize the opportunity to earn money by indulging in political activities.”¹⁵¹

- c. The situation in Iraq and Jordan, two countries in which Egyptian workers represented the vast majority of the foreign workers, enjoying a clear preference over those from other Arab countries. In March 1985, and again in early 1987, Jordan and Egypt signed labor cooperation agreements aimed at regulating the employment of Egyptians in Jordan.¹⁵² Thus, during the second half of the 1980s, despite the economic recession in Jordan, the number of Egyptian workers increased, reaching, according to the lowest estimates, 125,000 in mid-1990, on the eve of the Iraqi invasion of Kuwait (see Table 3).

In the Iraqi case, the war with Iran forced it to import large numbers of foreign workers as the majority of its male workforce was mobilized to the armed forces. This was because Iraq, with a total population of 12 million, had only 1.48 million men in the age group of 15-49 to compete in quantity terms with Iran, whose population totaled 33.7 million, among them 7.48 million in that age group.¹⁵³ The number of Egyptian workers in Iraq rapidly increased, reaching 1.25 million by mid-1983,¹⁵⁴ and remained there until the end of the war.¹⁵⁵ Moreover, Egyptian workers were admitted to Iraq without visas from 1981.¹⁵⁶

It seems that Iraq decided to give preference to the Egyptian workers for three reasons. First, Egypt was the only Arab country that could supply Iraq with its needed workforce, both in quantity and quality. In the other major Arab labor-exporting countries -- Jordan and Yemen -- not only was the labor force too small to supply the workforce needed in Iraq, but they too became labor-importing countries. In 1981, unemployment in Jordan amounted to only 3.9%.¹⁵⁷ Syria's labor was not an option because it supported Iran in the Iran-Iraq War.

Admittedly, the Iraqi authorities could import Asians to work in the agriculture sector (where the majority of Egyptian workers were employed).¹⁵⁸ Yet, it seems that Iraq did not want to “flood” the country with non-Arabs, which could act against the Iraqi self-perception of Arab leadership and undermine the regime’s legitimacy as vanguard of the Arab struggle against the Persians. The second reason for preferring Egyptian workers, as indicated above, was that they were not considered a security threat to the regime.¹⁵⁹ The third reason was that Iraq, like the other Arab labor-importing countries, did not have any alternative to the Egyptian workers, mainly from a quality point of view. Boycotting the Egyptian workers would severely harm the socioeconomic development of these countries, particularly in the education and health fields.¹⁶⁰

In sum, the Arab labor-importing countries behaved pragmatically on the question of manpower, weighing the issue according to their interests.¹⁶¹ Saad Eddin Ibrahim claimed in this regard in the early 1980s: “The Arab states are no longer willing to cut off their noses to spite their faces... Nowadays, [Arab] regimes at loggerheads with each other may go all the way to war before acting seriously on any form of manpower boycott.”¹⁶² Alan Richards and Philip Martin expressed a similar opinion, stating in an article published in 1983 that: “Within the Middle East, migration for employment occurs in a fundamentally *laissez-faire* environment. Although there are stringent restrictions on migration for settlement, labor emigration is relatively unimpeded.”¹⁶³

The ultimate proof of this “pragmatic approach” is the fact that during the “boycott decade” the number of Egyptian workers in other Arab countries was higher than ever before or after the boycott. According to the 1996 Egyptian census, the number of temporary Egyptian migrants was 2.18 million,¹⁶⁴ declining to 1.9 million in 2001.¹⁶⁵ In comparison, according to the 1986 census, this figure was

2.25 million,¹⁶⁶ while in 1983-4 the number of Egyptian workers in other Arab countries was approximately 3 million. This means that by the mid-1990s, the number of Egyptian workers in other Arab countries was only two-thirds their number in the mid-1980s, in the middle of the “boycott decade.”

2. The Scale of the Egyptian Workers’ Remittances

The scale of remittances of Egyptian workers increased accordingly with the rise in the number of workers. In fact, these remittances were the most lucrative source for Egypt’s foreign currency during the 1980s. Though the official scale of the workers’ remittances (see Table 3) fluctuated over the years, the reason for this fluctuation (until 1986) was not related to a change in the salaries or in the number of workers. Rather, it was related to the changing exchange rate of the Egyptian Lira (E£), similar to other countries in the Middle East, such as Syria.¹⁶⁷

In early 1983, *ARABIA* reported: “Hard currency can be changed with great ease in Cairo, Alexandria and other Egyptian cities, normally at levels about 20% above the official rate.”¹⁶⁸ During 1983-84, the gap between the official and the free market rate of the E£ continued to increase. In late 1985, while the official exchange rate was \$1=E£1.35, the free market rate was \$1=E£1.85, meaning a gap of 37%.¹⁶⁹ The result of the multiplied exchange rate system was that interest rates in the early 1980s in the Egyptian banks were negative in real terms.¹⁷⁰ Thus, there was no reason for the Egyptian workers abroad to transfer their salaries through the official system. The only ones who did, it seems, were those who had no choice.

Thus, it is not surprising that the official remittances¹⁷¹ prior to the May 1987 exchange rate reform¹⁷² represented only a small fraction

of real remittances.¹⁷³ How small is a big question. According to Rodney Wilson,

It is extremely difficult to estimate their worth as many do not pass through the formal banking system... Egyptian workers in neighboring Arab states return home for visits ...Often they travel back with large amounts of cash ...for their relatives in Egypt. Such transfers are not counted in official figures...¹⁷⁴

Nazli Choucri also noted that: “formally recorded remittances are only the tip of the iceberg. The size of that which remains submerged is not known.”¹⁷⁵ In another place, he claimed that in the mid-1980s “there may be about 3 million Egyptians abroad... and their [official] remittances are around \$3 billion. This brings the average annual earnings sent back to \$1,000 per worker, an absurdly low figure, given the occupational profile of Egyptians abroad... the true remittances of Egyptians working abroad must be closer to \$20 billion.”¹⁷⁶ In January 1986, an Egyptian official stated that real remittances of the Egyptian migrants abroad totaled \$10 billion, \$2 billion through the banking system and \$8 billion through unofficial channels.¹⁷⁷

According to a 1983 *MEED* report, “unskilled [Egyptian] workers employed legally tend to stay [in Saudi Arabia] for two to four years and [are] expected to save the equivalent of around \$36,000.”¹⁷⁸ Thus, even if such a worker sent home only half of his salary, his remittances should be at least \$4,000-\$5000 annually, while according to official figures the average was \$1,000 per year. Thus, Sullivan is wrong to conclude, on the basis of recorded remittances, that: “remittances to Egypt were going against the declining trend line of oil prices and oil revenues in the GCC.”¹⁷⁹ This is because the increase in recorded transfers was due to the 37% devaluation of the E£ in the May 1987 exchange rate reform, which sharply narrowed

the gap between the currency's official and unofficial rates.¹⁸⁰ This trend, however, also continued during the 1990s, as the gap between the official and the unofficial E£ rates was almost totally eliminated due to the continuing exchange rate reforms. Thus, despite the decline in both the number of Egyptian workers in other Arab countries and their salaries,¹⁸¹ the official amount of remittances from the Egyptian workers abroad continued to increase to \$3.8 billion in 1991¹⁸² and \$5.1 billion in 1994.¹⁸³

In addition, during the second half of the 1980s, there was a marked reduction in the overall remittances due to limitations on the amount of remittances from Iraq to Egypt as well as to the overall decline in expatriates' salaries following the 1986 collapse in oil prices. Sullivan is then also mistaken in his other conclusion that "it is almost as if the GCC wanted to subtly make up for cutting aid to Egypt, as agreed to in the embargo, by making sure that remittances to Egypt increased to make up for the aid losses -- even in the face of declining oil prices."¹⁸⁴ It is wrong because the GCC countries acted according to pragmatic calculations, as they did in the political-security arena. The number of Egyptian workers in the GCC countries, like their remittances, fluctuated during the "boycott decade," but these fluctuations, in contrast to Sullivan's observation, resulted from GCC, and not Egyptian, interests. Indeed, the Egyptian workers were given preference simply because of their advantages. So long as these workers served the GCC's economic-political aims, they continued working.

However, following the collapse in the oil prices in 1986, the salaries of foreign workers in the GCC countries sharply declined, including those of the Egyptians. None of the Gulf states tried to compensate Egypt for this decline, despite it being one of Egypt's worst economic periods.¹⁸⁵ This trend was particularly clear in the case of the Egyptian workers in Iraq. As noted above, due to plummeting oil revenues,¹⁸⁶ Iraq decided in 1986 to slash from \$180 per month to

\$75 per month the amount of money that foreign workers were allowed to send home.¹⁸⁷ The result was that an estimated 250,000 Egyptians returned home.¹⁸⁸

In retrospect, we can conclude that the oil-countries employed large numbers of Egyptian workers during the “boycott decade” according to their own interests. Only with Libya was there a marked decline in the number of Egyptian workers due to the political deterioration between the two countries.¹⁸⁹ However, even this, as noted by Eliyahu Kanovsky, did not occur in 1979, immediately following the signing of the Egyptian-Israeli peace treaty, but only after the end of the “oil decade.”¹⁹⁰ This means that even Libya, which was part of the SRF, did not cut its economic relations with Egypt in the wake of the peace treaty with Israel.

Without entering into the debate on the role and overall importance of the workers’ remittances for the labor-sending countries, in the case of Egypt during the “boycott decade,” it is clear that even just the official cash transfers represented a most lucrative source of foreign currency. Without them, particularly during the second half of the decade, Egypt’s balance of payments system would probably have collapsed. All these transfers, without exception, came from the “boycotting countries.”

During the 1990s, as we saw above, although the scale of official remittances increased, there was a marked reduction in their overall amount. Even if we accept the official Egyptian estimate from early 1986 that the real remittances of the Egyptian migrants abroad totaled \$10 billion, which is quite a low estimate (as compared with Choucri’s estimates, for example), then we can conclude that the real workers’ remittances to Egypt in the mid-1980s were at least 40% higher than those received a decade later.

3. Trade between Egypt and Other Arab Countries

Overall, during the second half of the 20th century, the trade volume between Egypt and the Arab countries, similar to the overall trade trend within the Arab region, was limited, due to the similarity of the states' economic structures. All Arab countries were exporting mainly raw materials and importing mainly goods, manufacturing products, and technologies. At the same time, cotton, for example, Egypt's primary cash crop, did not find a ready market in the Arab world where no cotton industries exist. On the other hand, Egypt's most important import items -- wheat, flour, capital and intermediary goods -- were also imported by the other Arab states.¹⁹¹ Thus, initially, the feasibility of large-scale trade between the Arab countries was limited. In addition, major barriers to regional trade can be found in the tariff and exchange rate systems and the structure of protection, in Egypt, as in the other Arab states.

Except for Syria and Libya -- members of the SRF -- most Arab states continued trading with Egypt and, in certain cases, increased the volume of trade. In the Iraqi case, during the first years of the boycott, indeed, the scale of the Iraqi imports from Egypt plummeted, from \$28.5 million in 1978 to \$6.1 million in 1979 and to almost zero between 1980-82. However, since then, with growing dependence on Egypt due to its war against Iran, Iraq's civilian imports from Egypt markedly increased from \$700,000 in 1982 to \$39.2 million in 1985, and reaching \$62.7 in 1989, not including arms and ammunition.¹⁹² Throughout the Iran-Iraq War, Egypt continued to supply Iraq with large quantities of ammunition and light weapons.¹⁹³ In 1982, Iraq accounted for almost all the \$1 billion Egypt made from arms sales.¹⁹⁴ In late November 1987, it was estimated that Egypt's military exports to Iraq amounted to \$0.5 billion annually.¹⁹⁵

The scale of Saudi imports from Egypt jumped from \$35.5 million in 1977 to \$47 million in 1980¹⁹⁶ and then almost doubled, to \$85.9 million in 1982. By 1989, this figure had slightly declined, to \$75.9 million, due to the economic recession that followed the decline in oil prices. With Lebanon Egypt signed a one-year trade agreement in 1987, requiring both countries to import goods to the value of \$5.5 million.¹⁹⁷ The significance of this agreement was not monetary (very small in comparison to similar agreements between Egypt and other Arab countries), but political. Following Israel's withdrawal from Lebanon in 1985, Syria remained the sole dominant power. Interestingly, though, Syria did not sign a trade agreement with Egypt during the "boycott decade," but it allowed Lebanon to do so.

Jordan's imports from Egypt increased from \$8.3 million in 1977 to \$14.1 million in 1979. Later, there was a significant decline in the trade between them. Then in April 1983, Egypt and Jordan signed an agreement that considered the March 1978 trade protocol effective, formally opening the way to the resumption of economic and commercial ties between the two.¹⁹⁸ Indeed, until the end of the decade, the scale of their reciprocal trade largely increased, peaking in 1989, with Egyptian exports to Jordan valued at \$31.9 million.¹⁹⁹ On January 14, 1984, an Egyptian trade-team ended a month-long tour in the Gulf and Jordan, aimed at increasing Egypt's export to these countries as well as setting up more joint venture projects.²⁰⁰ In December 1985, a one-year trade agreement valued at \$250 million was signed between Egypt and Jordan, raising the trade volume between the countries for that year to above \$150 million.²⁰¹ The following May, the two countries signed a cement-for-rice deal in which Egypt would supply 10,000-15,000 tons of rice to Jordan in exchange for 1.5 million tons of cement.²⁰²

Despite these trade and commercial agreements, the overall trade between Egypt and the other Arab countries remained limited. During 1984-1986 (as illustrated in Table 5), there was a

considerable reduction in Egypt's exports to the region. This reduction, however, was not due to the boycott, but to the sharp dip in oil prices.²⁰³ Indeed, after the official annulment of the boycott in 1989, the trade scale between Egypt and the rest of the Arab countries still remained limited due to the similarity of their economic structures.²⁰⁴ Overall, a comparison of Egypt's exports to those of the other Arab countries, in percentage measures, during the 1970s, 1980s, and 1990s, reveals that the peak was in the 1980s. By the 1999/2000 fiscal year, Egyptian exports to other Arab countries represented 7.0% of its total,²⁰⁵ as compared with 8.7% in 1988 and 8.8% in 1988 and 1989 (see Table 5).

4. Arab Tourism to Egypt

Egypt has traditionally been a popular resort location for Arabs because of its comfortable climate, common language and more liberal environment with its casinos and nightclubs. Tourism saw a sharp decline in the late 1960s and early 1970s, due to the deterioration in the political-security situation, but this trend was later reversed as the authorities took measures to promote the industry. These included the building of new hotels and other tourist sites through tax reduction and other financial concessions, improvement and expansion of tourist infrastructure and services and the upgrading of the skill of tourist labor force. Parallel to this, Egypt implemented its *Infitah* policy, aimed at attracting foreign investment.²⁰⁶

The importance of Cairo as a major tourist site increased with the outbreak of the Civil War in Lebanon in 1975 – previously, also a major tourist destination for wealthy Arabs. Yet, in 1977-78 the number of Arab tourists in Egypt leveled off and even slightly decreased.²⁰⁷ In contrast, the number of non-Arab tourists substantially rose, as the political-security situation improved. A

Financial Times report from mid-1979 described the situation in Egypt as follows: "A year ago getting a hotel bed in Cairo was a major feat against the challenge of year-round occupancy of 98%."²⁰⁸

Overall, the tourism industry was supposed to benefit most from the peace treaty with Israel. Immediately following the Camp-David Accords, the Egyptian press was full of reports regarding the expected tourist boom.²⁰⁹ A month later, the Minister of Tourism and Civil Aviation predicted that "annual revenues from tourism that are estimated at E£-500 million at the end of the five-year plan [in 1982] will be surpassed" and the number of tourists was expected to reach 2.5 million.²¹⁰ However, in tandem with these optimistic prospects, there was also a fear that Arab tourists would boycott Egypt.²¹¹ While the Baghdad Summit did not impose sanctions against Egypt's tourism,²¹² there was a marked decline in the number of Arab tourists in the period that immediately followed. However, this decline was temporary; from August 1979 the number of tourists increased slowly,²¹³ although tourists from the SRF countries continued to boycott Egypt.²¹⁴ Overall, in 1979, the total number of Arab tourists was 396,872, compared with 455,418 in 1978, representing a 12.9% decrease. The sharpest decline was among the Iraqis (see Table 4).

Although tourists from the OECD countries replaced the Arab tourists in 1979 and the total number of tourists even slightly increased (from 1.051 million in 1978 to 1.065 million in 1980), total tourism receipts declined 12% from \$584 million to \$522 million (see Table 4).²¹⁵ This can be attributed to the fact that non-Arab tourists spent less than Arab tourists, particularly those from the Gulf oil countries.²¹⁶ However, it can be assessed that since the Arab tourists usually changed their hard currencies for E£ on the free market, a considerable amount of money that was actually spent by Arab tourists never appeared in official records.²¹⁷ Thus, we can conclude that in the field of tourism, the "Arab boycott" lasted no more than three months.

In 1980, the trend of increased Arab tourism to Egypt continued and while the total number of tourists in Egypt rose by 17.8%, the number of Arab tourists rose by 20.8%, amounting to almost half a million (see Table 4). The following year saw an even greater increase in the number of Arab tourists in Egypt, and this trend continued until Sadat's assassination.²¹⁸ Overall, in 1981 the number of tourists in Egypt totaled 1.376 million, of whom 578,786 were Arabs, representing a huge increase of 20% from the previous year.²¹⁹

Under President Mubarak, the tourism sector continued to enjoy high growth rates. In 1982, the government adopted a new policy, aimed at diversifying tourist destinations away from the traditional sites in Cairo and the Nile Valley to boost the overall capacity of Egypt's tourist industry. This goal was to be achieved through the development of new leisure and beach resorts in the Sinai Peninsula and along the coasts of the Red and Mediterranean Seas, particularly in Alexandria.²²⁰ In the mid-1980s, the importance of the tourism industry to the Egyptian economy increased due to the sharp decline in other major foreign currency earners -- oil exports, workers' remittances and dues from the Suez Canal -- a result of the collapse in oil prices.

In addition to the negative effects of the reduction in oil prices, the Egyptian economy also suffered in 1986 from a sharp recession in the tourism industry, due first and foremost to the February riots by police conscripts in Cairo.²²¹ The overall number of tourists in Egypt in 1986 was 1.311 million, down 14% from the previous year. However, in 1987, the industry recovered and the number of tourists reached an all-time peak -- 1,794,953, of whom 502,872 were Arabs (see Table 4). In that year, tourist-nights (i.e., hotel and other reservations) amounted to 15 million.²²² In 1989, Egypt's tourism sector continued to expand rapidly, and the total number of tourists

was 2.053 million, including 843,754 Arabs (33.7%). The official tourism receipts in that year amounted to \$1.646 billion, constituting the second largest foreign currency earner, following workers' remittances. In retrospect, it appears that during the "boycott decade" the number of Arab tourists in Egypt did not decrease; on the contrary, it sharply soared from 455,418 in 1978 to 843,754 in 1989, representing an increase of 85% (see Table 4).

Was there any potential to further boost the number of Arab tourists in Egypt during the "boycott decade"? In other words, was Egyptian tourism affected by the boycott? It seems that the answer to this question is negative: except for the boycott by the SRF countries, from where the tourism potential was and still is very low (no more than a few tens of thousands annually), there was no real effect. On the other hand, it should be emphasized that the Arab tourists in Egypt during the period under discussion acted normally. In a period of political tension, mainly following the February 1986 riots, there was an expected decline in the number of Arab and non-Arab tourists in Egypt. During the 1990s, however, the Arab tourists continued to represent a minority among the total tourists in Egypt. By 1992, among 3,206,940 tourists in Egypt, 1,098,811 (34.3%) were Arabs.²²³ By 1999, Arab tourists represented only 20.8% of total tourists in Egypt,²²⁴ as compared with 38.3% in 1980 and 41.1% in 1989 (see Table 4). Thus, it appears that during the 1980s the percentage of Arab tourists among the total tourists in Egypt was higher than in the 1990s.

5. Arab Investment in Egypt

Another major area in which the imposition of the Arab boycott should be examined is the scale of Arab investment in Egypt. However, it should be noted that the boycott was limited only to official aid and did not apply to private capital. Overall, private Arab

investments during the “boycott decade” continued normally, determined according to their profitability potential. Significantly, the vast majority of Arab investments prior to and after Egypt’s peace treaty with Israel were channeled to the West according to cost/benefit analysis. These investments constituted a major part of total revenues of the Gulf oil-countries during the 1970s-80s.²²⁵

A close examination of Arab investments in Egypt shows that except for a brief period of a few months following the peace treaty their scale was increased considerably, although they continued to represent only a small part of the total investments of the Gulf oil-countries in other countries. Ironically, a major reason for this trend was that following the peace treaty Arab private investors felt that their investments in Egypt were better protected due to peaceful climate.²²⁶

Moreover, the thesis that Arab economic relations with official Egyptian institutions warmed only following the Iran-Iraq War²²⁷ is erroneous. There are many examples of new Arab investment in Egypt, often related to official Egyptian institutions (included in the Arab boycott) in that period. In late November 1979, the Minister of State for Economic Cooperation said that private Arab investment remained at the annual rate of \$100 million.²²⁸ Thus, for example, in mid-1979, a joint venture bank, the Joint Arab Investment Cooperation, with a capital of \$50 million, in which the UAE had 50%, opened in Cairo. A former Director General of the UAE Foreign Ministry was appointed company manager.²²⁹ Another example is the Bank of Alexandria & Kuwait, opened in Cairo in early 1980 with a capital of \$20 million.²³⁰ Finally, a \$12 million loan to the Saudi-Egyptian Construction Company managed by Arab African International Bank, Arab International Bank and al-Bahrain Arab African Bank was approved in August 1980, a month before the outbreak of Iran-Iraq War.²³¹

Until mid-1982, Arab investment in Egypt totaled \$575 million, of which \$402 million came from the GCC countries.²³² The reason for this surge was that the Gulf investors, both private and public, were looking for profitable investments and Egypt was “a market too big to be ignored.”²³³ Overall, by late 1983, Arab investment in Egypt amounted to \$2.3 billion, representing 23% of total foreign investments in the country, up from 16% in 1981.²³⁴ In early 1984, the Minister of Investment Affairs and International Cooperation said that Arab investment represented 21% of total foreign investment and had doubled over the previous two years.²³⁵ By 1985, Arab investments in Egypt amounted to \$2.55 billion.²³⁶ In 1986, inter-Arab investment in profit-making ventures amounted to \$361 million, of which \$96.2 million was in Egypt, which was second only to Bahrain with \$107 million.²³⁷ The following year, Arab investment amounted to \$541 million, or 18% of the total foreign investment in Egypt.²³⁸ The tourism sector was the most attractive for private Arab investment in the 1980s.²³⁹ The largest Arab investment was the Intercontinental Semiramis Hotel, financed by Saudis. Another large Arab investment was Cairo’s Safir Hotel, part of the Kuwait Real Estate Investment Consortium.²⁴⁰

Arab investment in Egypt during the “boycott decade” was not usually covert, hidden through European or American banks or international investment companies. For example, on June 12-14, 1982, 66 Arab investors and businessmen from the GCC countries attended a joint Arab Egyptian investment conference in Cairo, and most of them were already active in business in Egypt. This conference, organized by Ahmad al-Da‘aj, a leading Kuwaiti businessman, was official, opened by Egypt’s Deputy Prime Minister for Economic and Financial Affairs, Muhammad ‘Abd al-Fattah Ibrahim along with five other Egyptian ministers.²⁴¹

Nor was Arab investment in Egypt limited to the private sector. In mid-1981, for example, the Dubai-based Middle East Bank opened a

branch in Cairo.²⁴² The Arab Investment Bank (AIB) formally took over its new Cairo office in Gardern City. Established in August 1982 as a holding company, the shareholders of the AIB were the governments of Saudi Arabia (\$45 million), Kuwait (\$45 million), Bahrain (\$25 million), Qatar (\$45 million), Oman (\$25 million), and the UAE (\$25 million), while Egyptian and Gulf businessmen held altogether \$10 million.²⁴³ In early 1983, shareholders in the Cairo-based Arab African International Bank (AAIB), which were Kuwait's Ministry of Finance and the Central Bank of Egypt (42.5% each), with the remaining shares held by Iraq's Rafidian Bank, the Central Bank of Algeria, the al-Jazira Bank of Saudi Arabia, and the Jordanian and Qatari ministries of finance, agreed to increase the bank's capital from \$125 million to \$200 million.²⁴⁴ Two years later, the Jeddah-based Islamic Development Bank (IDB) decided to restore Egypt's membership, suspended following the peace treaty. The IDB is part of the 45-member Islamic Conference Organization, which restored Egypt's membership in 1984.²⁴⁵ In September 1986, the IDB lent \$12 million to Cairo's Development Industrial Bank.²⁴⁶

Overall, during the period of 1977-1989, Arab investors constituted one-half of all foreign investors in Egypt under Law 43 (the *Infitah*), in both inland and free trade zone projects. However, although Gulf investments represented a considerable share of the total foreign investment in Egypt, they represented only a small fraction of the total Gulf investment abroad.²⁴⁷ These facts, more than anything else, reflected the pragmatic nature of the Gulf governments and businessmen in their attitude toward businesses in general and investment in other Arab countries, including Egypt, in particular. The first, and it seems only, principle that guided their behavior was the prospect for profit. This was the case both prior to and following the Egyptian peace treaty with Israel.

6. Arab Loans to the Egyptian Public Sector

Arab banks gave loans during the “boycott decade,” not only to the Egyptian private sector but also to the government, sometimes directly and in other cases through a third financial institution. Thus, for example, in early 1982, Chase Manhattan Bank raised a \$200 million private loan for two years for the Egyptian government. This loan was made with the participation of four pan-Arab banks, among them the United Gulf Bank, mainly a Kuwaiti institution, and the UBAF (Union de Banques Arabes et Françaises), whose shareholders include institutions from the most radical Arab states, such as Commercial Bank of Syria, the Libyan Arab foreign Bank and Banque Extérieure d’Algérie.²⁴⁸ In late 1984, the Kuwait Fund for Arab Economic Development agreed to lend the government \$8.5 million to buy spare parts for the Abu Qir power station near Alexandria.²⁴⁹

7. Arab Deposits and Aid

The common thesis that none of the Arab oil countries gave official aid to Egypt during the “boycott decade” appears to be mistaken as well. One issue emerging immediately after the peace treaty was the question of Arab deposits in the Egyptian Central Bank, estimated at more than \$2 billion. In conjunction with the Baghdad Summit resolutions, Kuwait and Saudi Arabia – which owned most the money – asked to withdraw the deposits. Suffering from a severe shortage of foreign exchange, Egypt decided to freeze the deposits under the pretext of “national security.” After some secret negotiations with the mediation of the IMF, it was agreed that Egypt would unfreeze the funds, but they would remain in Egyptian banks. Maintaining Arab deposits in Egypt was tantamount to an indirect aid, allowing it to use the money for other pressing problems.²⁵⁰

On several occasions Gulf states extended financial assistance to Egypt, of which the most important was the \$500-\$600 million received in December 1986 from Saudi Arabia and Kuwait. This

assistance was the major reason for the Egyptian confidence in its negotiations with the IMF in early 1987. Some of the reported inflow of Arab money to Egypt was said to be in payment for the supply of weapons, ammunition, and spare parts to Iraq.²⁵¹ Another aspect of the indirect financial aid from the Gulf states to Egypt was that the latter was not asked to return its loans during the “boycott decade.” Thus, for example, a \$2 billion debt to the Gulf Organization for the Development of Egypt (GODE), which was to be returned from 1982, was delayed until 1989.²⁵²

In mid-1987, the Kuwait Fund for Arab Economic Development (KFAED) provided the Egyptian government with a \$25 million concessionary loan to help to finance the Rosetta coast protection scheme.²⁵³ It was the first credit provided by the KFAED to Egypt since the peace treaty was signed with Israel.²⁵⁴ In late October 1987, the economic weekly *MEED* reported: “Saudi Arabia has recently provided Cairo with a \$90 million grant to pay off installments on a US military debt... There have been persistent reports of discreet assistance from Gulf Arab states in the past two years when the [Egyptian] government has faced problems in meeting debt repayments.”²⁵⁵

A second element of the Arab financial assistance to Egypt during the “boycott decade” was the assistance given to Egypt in rescheduling its huge foreign debt during the worst economic period in 1987. Kuwait took an important role in rescheduling Egypt’s \$12 billion debt to the Paris Club, in which Kuwait was a member.²⁵⁶ The Paris Club deal included a five-year grace period on debt payments. This gave the Egyptian government a breathing period in which the reforms needed to promote the overall economic performance could be implemented.²⁵⁷

The third type of aid given to Egypt by the Gulf oil states was food. The Saudi King offered in mid-1986 to provide 200,000 tons of

wheat.²⁵⁸ By 23 July 1986, the first part of the Saudi aid, 39,500
tones of wheat, had left Jeddah Port for Egypt.²⁵⁹

IV. Conclusion: Egypt's Changing Arab Role

The Arab states had the ability to harm Egypt had they wished to actually implement the Baghdad Summit resolutions. However, a close examination of Egyptian-Arab relations during the “boycott decade” reveals that most Arab states adopted a pragmatic approach toward Egypt. Four major reasons may account for this behavior: First, most Arab leaders realized that their own interests could be jeopardized if they maintained a radical posture toward Egypt; a pragmatic approach, on the other hand, allowed them a large measure of latitude in daily activities. Thus, the preference given to Egyptian workers in the Arab labor-importing countries simply resulted from their basic advantages over other foreign workers. Financial transactions, too, continued because private and public institutions did not want to give up potential profitable deals. And Arab tourists continued vacationing in Egypt simply because its tourism industry offered them advantages not found elsewhere.

Second, with the Iran-Iraq War largely excluding Iraq from Arab politics, the Arab states found Egypt militarily and politically indispensable for the system. It had become Iraq's largest Arab arms supplier and played an increasing role in the security of the Gulf. Moreover, as a result of other disputes, the Arab states accepted, and sometimes encouraged, Egypt's political involvement in its capacity as a broker and bridge to the West.

Third, Gulf states were dependent on Egypt, whether because of its control over the Suez Canal and certain oil pipelines or because the need for its human labor and its educational facilities. Finally, several Egyptian measures – such as the freezing of Arab deposits and deferring the repayment of loans – helped Egypt overcome the initial difficult stages of the boycott. In short, the Arab states came to realize that Egypt was too big and too important to be ostracized.

Undoubtedly, its tangible and intangible capabilities played an important role in this process.

Moreover, in the economic sphere, relations between Egypt and the other Arab countries, in terms of each of the various parameters examined in this study, were in larger scale than ever before or after the boycott. Thus, it seems that from the beginning of the Arab boycott, the major aim on the part of the Arab countries, except for the SRF countries, was mainly political. Specifically, their objective was to reduce the pressure from the side of radical opposition groups that totally opposed the Egyptian-Israeli peace treaty. Otherwise, how can we explain the dichotomy between the “Egyptian government” and the “Egyptian people?” If one can invest in another country, employ its citizenry, and spend–vacations there, then how can one harm or boycott the “country” at the same time?

Having established that Egypt was hardly boycotted by the Arab states, it is necessary to define more clearly the role it played in the Arab system through the 1980s. Since the beginning of its involvement in Arab affairs, in the early 1930s, Egypt had never played a marginal role. Its central position was based on some tangible assets – geo-strategic location as well as military, human and educational capabilities -- and some intangible assets -- regime legitimacy, domestic stability, pan-Arab ideology, cultural centrality, charismatic leadership as well as self-perception of Arab leadership.²⁶⁰ Evidently, Egypt’s changing role in the Arab system was a reflection of these tangible and intangible assets as well as a consequence of regional developments.

It is beyond the scope of this study to make a comparative analysis of Egypt’s role in the Arab system during the various regimes (the Monarchy period, 1923-52; ‘Abd al- Nasser, 1954-70; Sadat, 1970-81; and Mubarak, 1981-). During Sadat’s period, however, Egypt became financially dependent on the oil-producing states and its

military capabilities *vis-à-vis* Syria and Iraq decreased. In fact, Shibley Telhami asserts that Egypt's peace initiative "was an attempt to regain its position of prominence in the region by altering the structure of its relations with regional and global powers."²⁶¹ The Baghdad Summit resolutions threatened -- for the first time since the beginning of its involvement in Arab affairs -- to undermine Egypt's regional role, perhaps even distancing it to the periphery. Not only a plethora of sanctions threatened to boycott Egypt; the peace treaty with Israel undermined its moral authority and legitimacy. In fact, the boycott was an attempt to de-legitimize Egypt, enabling Iraq to pose a credible claim for Arab leadership, which had eluded it for many years.

The Arab boycott did not change Egypt's self-perception of leadership. In speeches and interviews, Sadat frequently referred to Egypt's leadership (*za'ama*) which, in his opinion, was not associated only with economic capabilities, human resources or cultural centrality, but also with the ability to choose the right political options in the interest of all Arabs (in other words: agenda formation). He particularly ridiculed the attempt by Saudi and other Gulf leaders to buy leadership with money.²⁶² This view was often echoed in the media and reflected in Sadat's working paper, "Egypt and the New Arab Reality" (see Section II:5, above). In short, Sadat's words and deeds lay claim to the view that "as the leader of the Arab world Egypt could define Arabism any way it saw it."²⁶³ In February 1984, when President Mubarak stated that "Egypt will remain the leading state in the region, whether the others like it or not," he was in fact echoing the same Egyptian self-image of leadership.

In contrast to this unchanging image, Egypt's place in the Arab system did undergo a change after the mid-1970s. 'Ali Hillal Dessouki observed that: "oil has created a new cleavage between Arab states based on economic status. It has altered the balance of

power in favor of the rich, who are not only subsidizing the poor but also attracting their trained manpower.”²⁶⁴ The outcome of this development was that:

[...] The days in which one country could exert its leadership over the Arab world are gone. Nowadays elements of national power are diffused rather than concentrated. Thus it seems that the Arab world has moved into an era of polycentrism, multiplicity of centers of influence, dispersion of capabilities and sharing of power. Egyptian centrality has been weakened and no other state has taken its place.²⁶⁵

Dessouki's analysis referred -- though vaguely -- to the different roles Egypt had been playing in the system. “What is at stake here,” he concluded, “is not hegemony or imposing one's will on others, but rather the role of leadership in its broad sense, which goes beyond strategic-military capabilities and involves moral, human and ideological dimensions.” In his opinion, the leadership vacuum was evident in the absence of any viable Arab alternative to Sadat's peaceful approach.²⁶⁶ Thus, he suggests, the relative decline in Egypt's capabilities and the Arab decision to ostracize it resulted in a more egalitarian or polycentric Arab system. Paul Noble even went as far as concluding that the Arab system had had no clear leader since the 1970s. The result was the creation of “a balance of weakness” -- that is, “none of the key states has had the consistent strength required to be a fully effective and energetic player in the regional system.”²⁶⁷

In contrast, Malcolm Kerr concluded that in spite of the quarantine imposed on Egypt, it continued playing a central role in the new Arab order. This order, he professed, would not be “one in which the Egyptian hegemony is replaced with Saudi or Iraqi leadership, but

one in which all states in the region find themselves in flux, groping... for stable positions within a multi-polar equilibrium.”²⁶⁸

Kerr's assessment shows considerable insight. Indeed, the leadership vacuum created following the Iran-Iraq and the Lebanese wars largely undermined the effectiveness of the Arab boycott and paved the way for a more prominent Egyptian role. Particularly significant was Saudi Arabia's reluctance to assume a leading position within the Arab system following the "oil boom." In the late 1970s and early 1980s it seemed that the Kingdom was increasingly shouldering more responsibilities in the Arab system. But the fiasco at the Fez Arab Summit in November 1981, where the Saudi peace initiative ("the Fahd Plan") was rejected and the summit collapsed, brought Saudi Arabia back to its traditional balancing role in the Arab system. Even the Arab summit that was scheduled to take place in Riyadh in 1984 was postponed and eventually convened in Morocco.

Thus, in the absence of any other Arab hegemon or leader, Egypt found fertile ground to operate. An in-depth analysis of its involvement in all issues that topped the Arab agenda shows that it took on the task of an "invisible" leader. Egypt's role was tantamount to *primus inter pares*. This role only partially rested on material capabilities. It was still the largest human reservoir and its GNP the second largest (after Saudi Arabia), though its per capita GNP ranked only 11th in the Arab world. It was no longer in possession of the largest Arab army: in terms of military expenditure it ranked third, while the size of its armed forces placed it in second place, after Iraq. Various other modernization indicators -- such as literacy rates and infant mortality -- placed Egypt 13th and 11th, respectively in the Arab world.²⁶⁹ Still, Egypt was in a position to offer Iraq arms and to play some military role in the Gulf crisis. Moreover, its human reservoir, whether in the form of skilled or

unskilled labor, was an asset that could not be overlooked or renounced by the Arab states.

Yet, Egypt's role in the Arab system was more related to its nonmaterial capabilities. Michael Barnett claimed that Egypt's leadership "was hardly defined by its deployment of military sticks or economic carrots," relating it to "cultural and symbolic power, its ability to project a sense of purpose and thus act as magnet in Arab politics."²⁷⁰ Though Barnett's definition is rather vague, it pointed to the right direction. Egypt's leadership in the 1980s was "invisible" but not imaginary, basically resting on nonmaterial resources.

Its first intangible asset was its self-perception of leadership, which never diminished, as noted. The second asset was its ability to offer mediation services, whether in the form of a channel to the US (as in the peace process or in the Jordanian-Palestinian dialogue) or as an independent Arab broker (as in the Lebanese problem or the Gulf crisis). Egypt's third intangible asset was its cultural and religious centrality in the Arab world, sending teachers and intellectuals to Arab states while offering the best available university education in the Arab world. Finally, Egypt had a "presence" in that world: it just could not be ignored. Though this variable cannot be measured, neither can it be overlooked. Egypt's leadership did not enjoy the moral authority or legitimacy it had enjoyed during the Nasserite period, but the above-mentioned attributes -- in light of Arab fragmentation -- were sufficient to allow it to enjoy the status of a *primus inter pares* in the Arab system. The Arab states -- most grudgingly and reluctantly, some indifferently and few enthusiastically -- tacitly acquiesced to this role, while attempting to keep it as invisible as possible.

Egypt's leading role took on a higher profile following its readmission to the Arab League in May 1989. Before the opening of the Casablanca Summit that celebrated Egypt's return, the influential

Egyptian weekly *al-Musawwar* published an editorial -- undoubtedly reflecting the official view -- analyzing Egypt's new role in the Arab system. It emphatically claimed that Mubarak's Egypt was not interested in the kind of role that characterized Nasser's Egypt. "It is inconceivable," it was written, "that there can be a submission by the Arab countries to a single center of power. This is now a thing of the past." A new kind of distribution of burdens was suggested, which "will correspond to the existing balances of power in the Arab world." According to this analysis, Egypt would seek a role that "respects the right of diversity and multiplicity, and that calls for coordination and integration before unity. It is a role that is in harmony with all roles, without dictation or hegemony."²⁷¹

Egypt's readmission to the Arab League, according to Mubarak, only confirmed its unique role. In one of his interviews in Casablanca, he asserted: "Egypt always shouldered its responsibilities toward our brothers in the Arab nation, whether within the AL or outside it. The best proof of this is that when relations with Egypt were frozen, it continued to exert huge efforts that exceeded any other effort in the region with respect to the Arab causes."²⁷² While some perhaps would dismiss this statement as rhetoric, it did reflect Egypt's behavior during the so-called "boycott period." Still, at the Casablanca Summit and subsequently in his People's Assembly, Mubarak was reluctant to deal with the past; instead, he laid down the principles on which Arab solidarity should rest in the future. These followed the prescription outlined in the *al-Musawwar's* article.²⁷³

In 1972, Muhammad Hasanin Heikal, a prominent Egyptian journalist, coined two terms -- "key country" (*balad al-miftah*) and "rallying power" (*quwwat al-tamasuk*) -- to describe Egypt's role in the Arab system between 1967-73.²⁷⁴ Such terms emphasize the necessity and vitality of Egypt to that system without ascribing to it

far-reaching leading qualities. Perhaps these terms convey the true meaning of Egypt's place in the Arab world in the 1980s as well.

Table 1: Egypt's Macroeconomic Trends, 1975-1989

Year	1975	1979	1985	1989
Characteristics				
Total population (millions)	37.0	40.9	48.3	54.2
Total GDP (US\$ billion, current prices)	12.49	17.82	53.20	69.82
GNP per capita (US\$, current prices)	280 (a)	480	610	640
Natural increase (%)	2.4	2.9	3.0	2.5
Infant mortality rate (per 1,000 live births)	137.6	126.8	91.5	68.3
Life expectancy at birth (years)	53.3	55.1	58.0	59.8

(a) Data related to 1976.

Sources: Arab Republic of Egypt, CAPMS, *Statistical Yearbook*, various issues (Cairo: CAPMAS); ESCWA (UN, Economic and Social Commission for Western Asia), *Survey of Economic and social Developments in the ESCWA Region, 1998-1999* (New York, 1999), p. 30, Table 9; UN, Department of International Economic and Social Affairs, *Mortality of Children Under Age 5: World Estimates and Projections* (New York, 1988); World Bank, *World*

Development Report, various issues (Published for the World Bank by Oxford University Press, Oxford and New York); idem, *Worlds Tables*, various issues (Published for the World Bank by Johns Hopkins University Press, Baltimore and London); UNICEF, *The State of the World's Children*, various issues (Published for UNICEF by Oxford University Press, Oxford and New York).

Figure 1: Egypt's Total GDP and Per Capita GNP, 1976-89
(US\$, current prices)

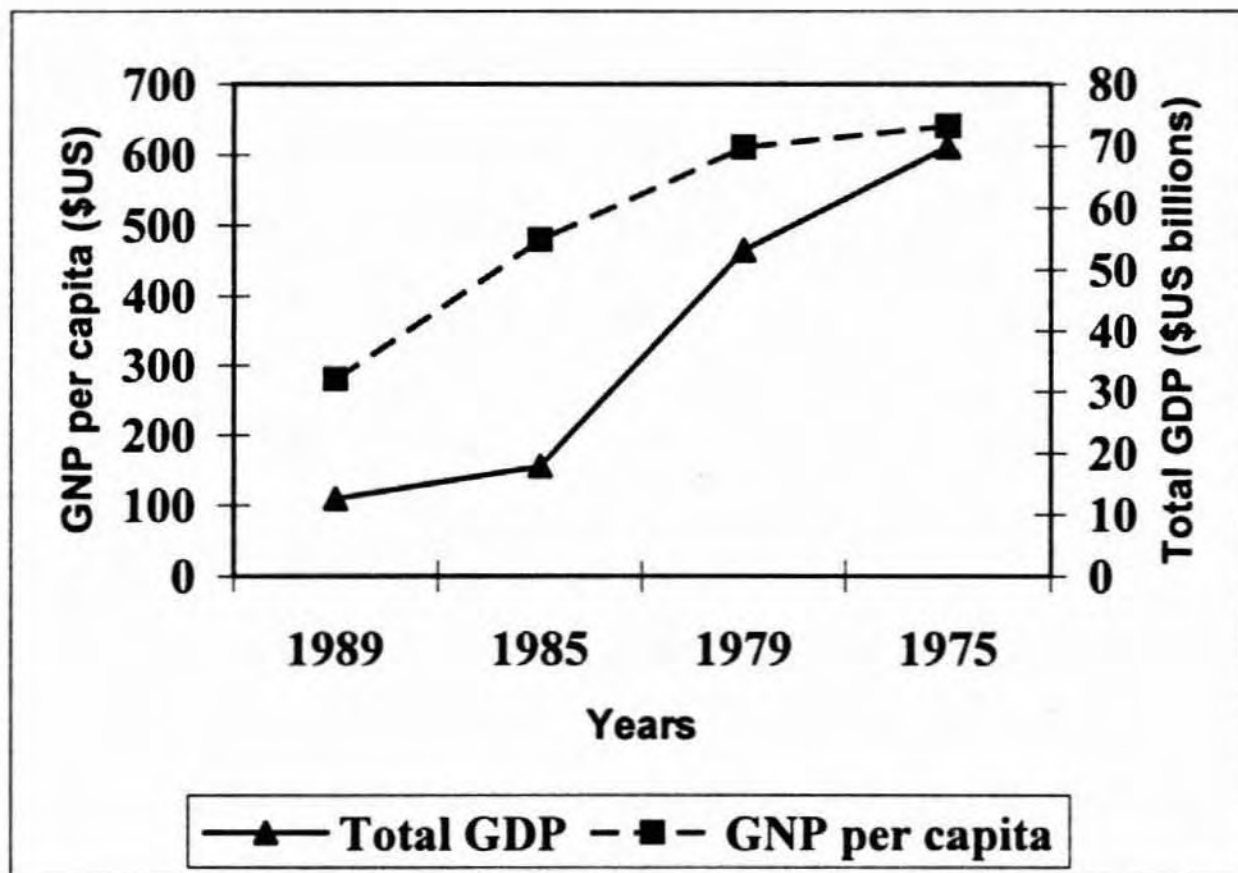


Table 2: Egyptian Workers in Other Arab Countries, 1975-90

Year	1975	1980	1985	1990
Country				
Saudi Arabia	95,000	155,000	407,213	330,290
Kuwait	37,558	82,000	106,288	247,572 (a)
Bahrain	1,237	3,000	3,350	3,640
Qatar	2,850	6,000	3,392	2,944
Oman	4,600	5,000	12,514	13,250
UAR	12,500	18,000	20,350	20,646
Jordan	5,300	56,000	132,150	125,000 (c)
Iraq	7,000	223,000	674,000 (b)	1,000,000
Libya	229,500	250,000	70,746	200,000 (c)
Total	395,545	798,000	1,430,003	1,813,334

(a) Including family members.

(b) Data Related to October 1987.

(c) Data related to 1989.

Sources: J. S. Birks and C. A. Sinclair, *International Migration and Development in the Arab Region* (Geneva: ILO, 1980), pp. 134-35, table 10; HRD Base, *Socio-Demographic Profiles of Key Arab Countries* (Newcastle: Lloyds Bank Chambers, May 1987); Birks and Sinclais Ltd., *GCC Market Report-1990* (Durham, Mountjoy Research Centre, May 1990); J. S. Birks, I. Serageldin, C.A. Sinclair, and J.A. Socknat, "Who is Migrating Where? An Overview of International Labor Migration in the Arab World," in Alan Richards and Philip L. Martin (eds.), *Migration, Mechanization, and Agricultural Labor Markets in Egypt* (Boulder: Westview Press, and Cairo: The American University in Cairo Press, 1983), pp. 113-114, table 1; Gil Feiler, "Migration and Recession: Arab Labor Mobility in the Middle East, 1982-1989," *Population and Development Review*, Vol. 17, No. 1 (March 1991), pp. 134-155; *MEED*, 31

August 1990; *Jordan Times*, 7 January 1989; EIU, *Country Profile-Egypt and Jordan*, various issues.

Figure 2: Egyptian Workers in Other Arab Countries, 1975-90

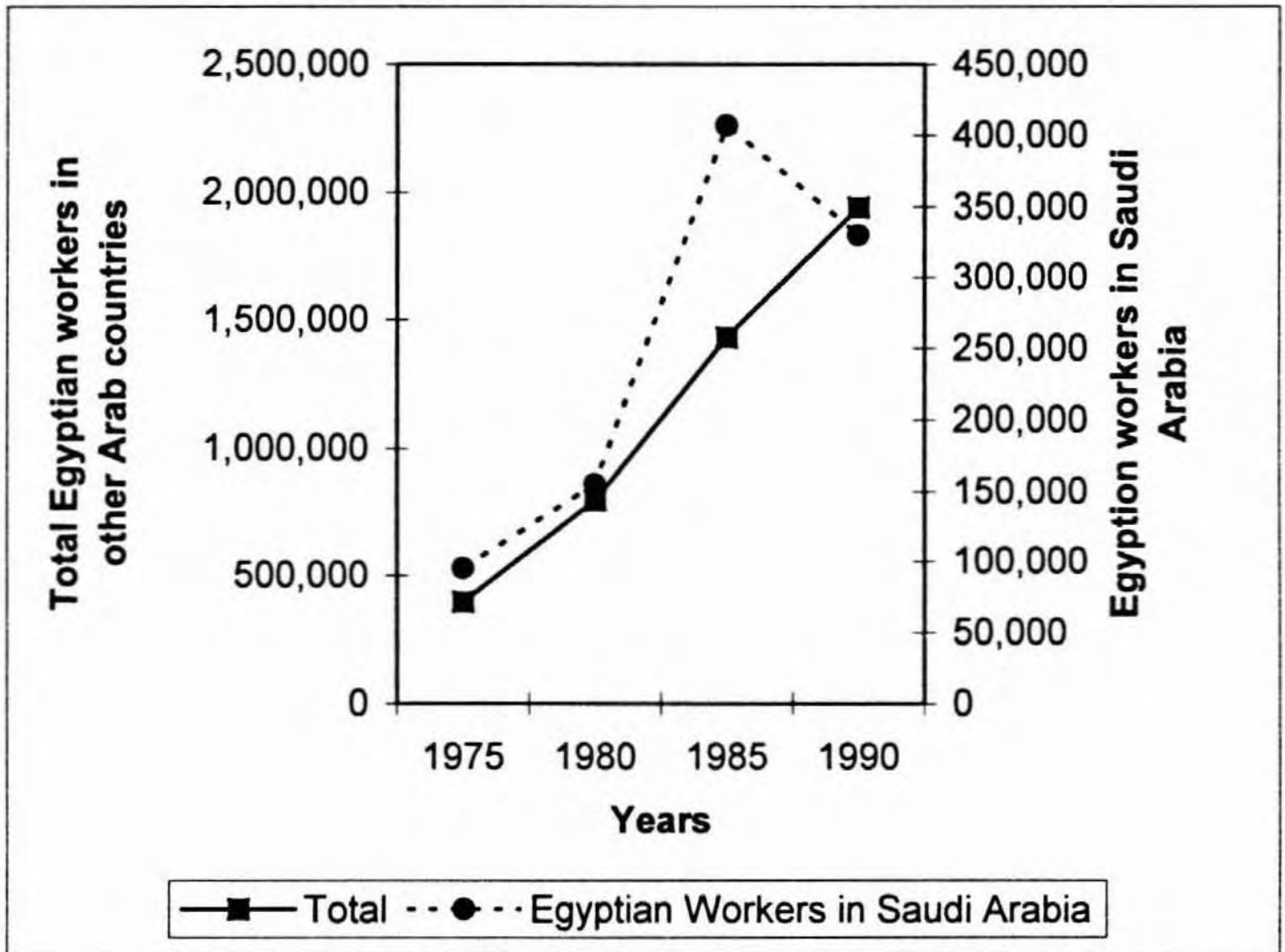


Table 3: Official Remittances of the Egyptian Workers, 1975-89
(US\$ million)

Year	Workers' Remittances (US\$ millions, current prices)
1975	366.0
1976	755.0
1977	897.0
1978	1,761.0
1979	2,445.0
1980	2,696.0
1981	2,180.9
1982	2,081.9
1983	3,165.4
1984	3,930.5
1985	3,496.2
1986	2,972.8
1987	3,011.9
1988	3,383.9
1989	3,532.0

Source: World Bank, *Worlds Tables, 1995* (Published for the World Bank by Johns Hopkins University Press, Baltimore and London, 1995), pp. 258-259.

Figure 3: Official Remittances of the Egyptian Workers, 1975-89
(US\$ million, current prices)

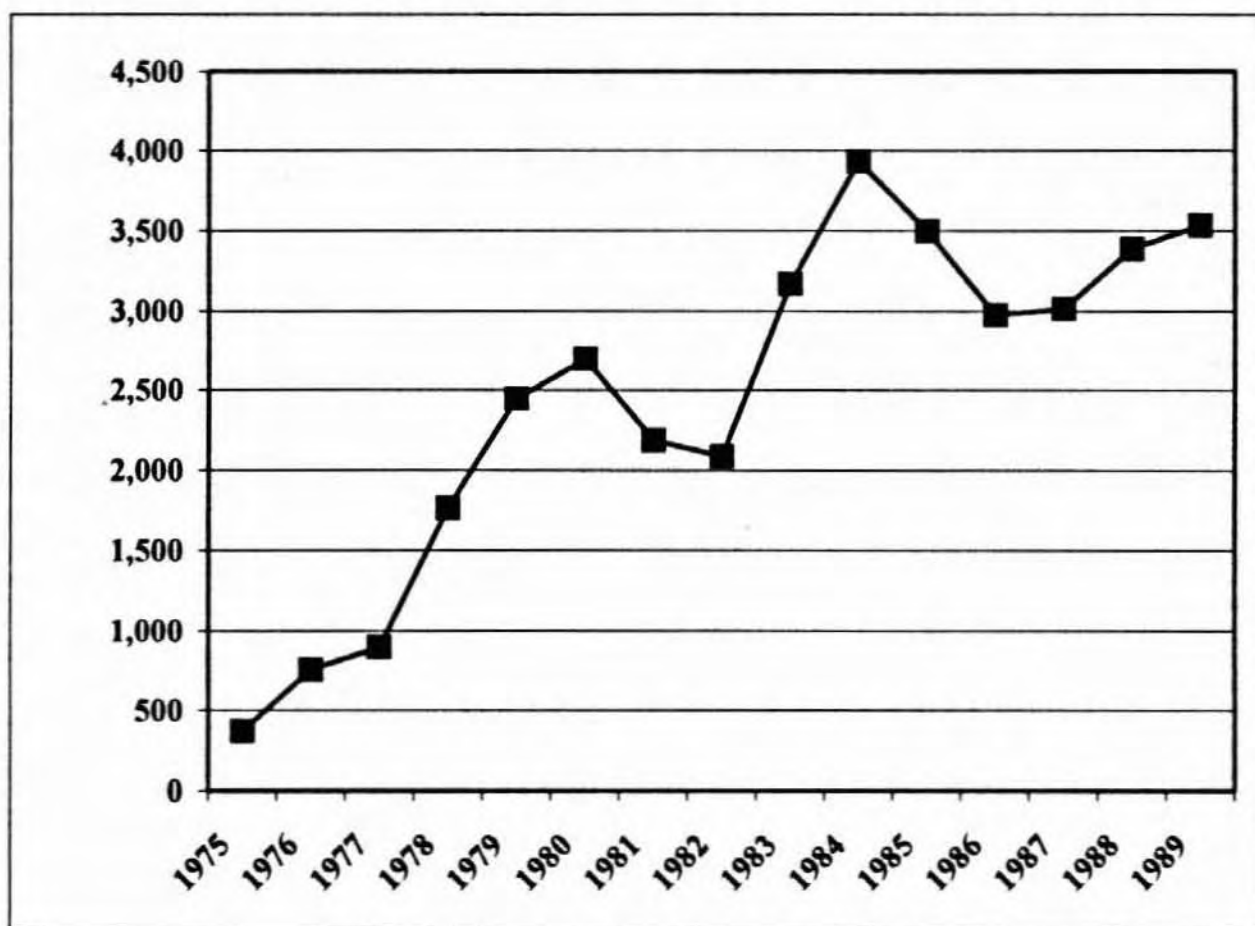


Table 4: Total and Arab Tourists in Egypt, 1977-1989

	1977	1978	1979	1980	1982	1985	1986	1987	1989
Arab tourists of whom	400,605	455,418	396,872	479,378	543,601	427,387	424,212	502,872	843,754
Saudi Arabian	130,459	165,225	126,179	138,981	161,847	138,908	140,559	157,275	175,058
Kuwaiti	27,048	26,828	21,615	28,565	34,142	31,935	43,870	54,861	69,897
Sudanese	71,162	89,417	105,931	110,506	125,826	107,906	102,830	121,309	161,292
Syrian	36,229	20,271	14,103	15,977	15,291	10,786	7,898	8,525	9,904
Iraqi	26,016	15,492	6,341	7,036	7,607	5,215	5,069	5,837	10,035
Jordanian	37,115	30,870	24,305	28,474	42,499	41,795	42,327	53,843	57,539
Other tourists	603,321	596,428	667,207	840,008	879,532	1,091,041	887,038	1,292,081	1,209,644
Total	1,003,926	1,051,846	1,064,079	1,253,097	1,423,133	1,518,426	1,311,250	1,794,953	2,053,398
% Arabs	39.9	43.3	37.3	33.0	38.2	28.1	32.4	28.0	33.7
Tourism revenues (\$US millions)	658	584	522	562	886	901	785	1,586	1,646

Sources: WTO, *Yearbook of Tourism Statistics*, various issues (Madrid); idem, *World Travel Statistics*, various issues (Madrid).

Figure 4: Total and Arab Tourists in Egypt and Tourism Revenues, 1977-89

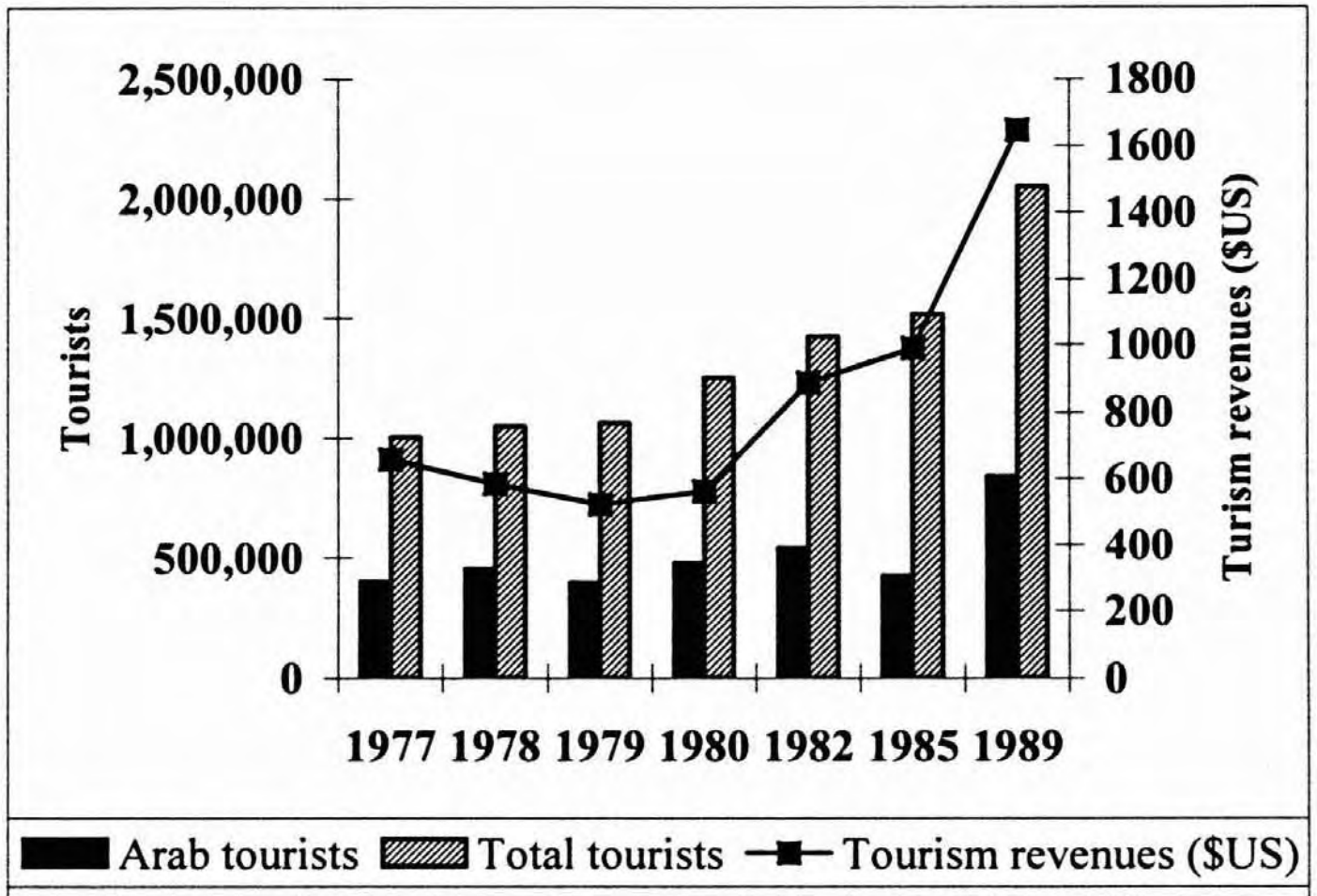


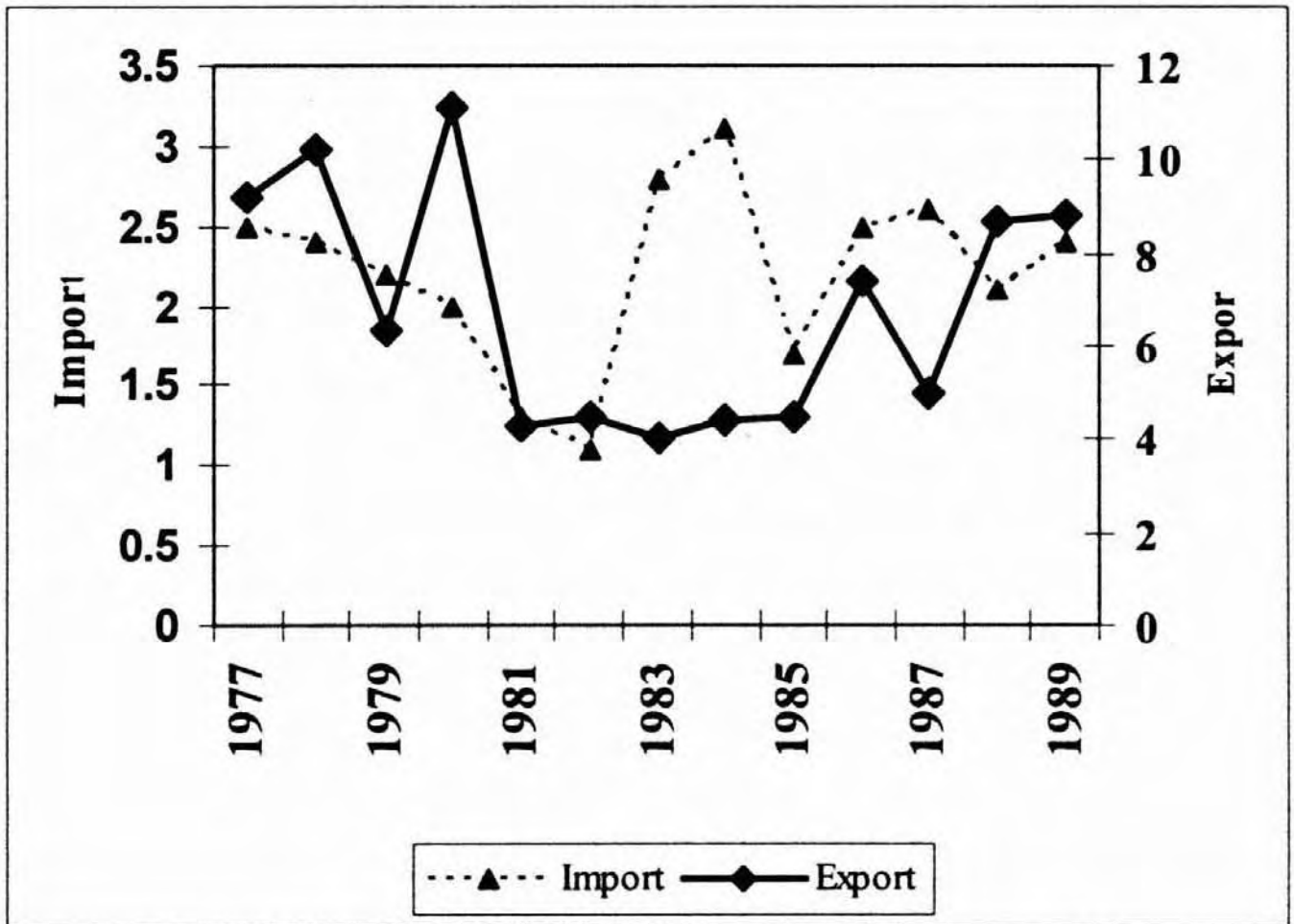
Table 5: Egypt's Trade with Other Arab Countries, 1977-89 (%)

Arab share of total (%) Year	Export	Import
1977	9.2	2.5
1978	10.2	2.4
1979	6.3	2.2
1980	11.1	2.0
1981	4.3	1.3
1982	4.5	1.1
1983	4.0	2.8
1984	4.4	3.1
1985	4.5	1.7
1986	7.4	2.5
1987	5.0	2.6
1988	8.7	2.1
1989	8.8	2.4

Source: (IMF), *Direction of Trade Statistics Yearbook*, various issues (Washington, D. C.).

Figure 6: Egypt's Trade with Other Arab Countries, 1977-89

(%)



Notes

¹ For this argument, see: Louis Cantori, "Unipolarity and Egyptian Hegemony in the Middle East," in Robert O. Freedman (ed.), *The Middle East after Iraq's Invasion of Kuwait* (Gainesville: University of Florida Press, 1993), pp. 336-37; Avraham Sela, *The Decline of the Arab-Israeli Conflict: Middle East Politics and the Quest for Regional Order* (Albany: SUNY Press, 1998), pp. 296-97; Abdel Monem Said Aly, "Egypt: A Decade after Camp David," in William B. Quandt (ed.), *The Middle East: Ten Years after Camp David* (Washington: The Brookings Institute, 1988), pp. 66, 91; Shireen Hunter, "Inter-Arab Politics," in Robert O. Freedman (ed.), *The Middle East after the Israeli Invasion of Lebanon* (Syracuse: Syracuse University Press, 1986), p. 120; Shimon Shamir, "Basic Dilemmas of the Mubarak Regime," *Orbis*, Vol. 30, No. 1 (Spring 1986), pp. 187-90; Jamil Matar and 'Ali al-Din Hilal, *al-Nizam al-Iqlimi al-'Arabi: Dirasa fi al-'Alaqat al-Siasiyya al-'Arabiyya* (Cairo: Dar al-Mustaqbal al-'Arabi, 1983), p. 121; Roger Owen, *Migrant Workers in the Gulf* (London: Minority Rights Group, 1985), p. 9.

² This is the main theme of Malcolm H. Kerr and El Sayed Yassin (eds.), *Rich and Poor States in the Middle East: Egypt and the New Arab Order* (Boulder: Westview, 1982). See also Mohamed Heikal, *Autumn of Fury: The Assassination of Sadat* (London: Corgi Books, 1983), pp. 80-81; Paul A. Jureidini and R. D. McLaurin, *Beyond Camp David: Emerging Alignments and Leaders in the Middle East* (Syracuse: Syracuse University Press, 1981), pp. 75-92.

³ See, e.g., Charles Tripp, "Egypt and the Region in the 1980s," in Charles Tripp and Roger Owen (eds.), *Egypt under Mubarak* (London: Routledge, 1989), pp. 176-77. Interestingly, this thesis was more developed with regard to the economic sphere where hard data could be provided. See: Gad G. Gilbar, "The Oil Boom and Pan-Arabism," in his, *The Middle East Oil Decade and Beyond: Essays in Political Economy* (London: Frank Cass, 1997), pp. 70-71; Victor Lavy, "The Economic Embargo on Egypt by Arab States: Myth and Reality," *Middle East Journal*, Vol. 38, No. 3 (1984), pp. 419-32; Paul Sullivan, "Contrary Views of Economic Diplomacy in the Arab World: Egypt," *Arab Studies Quarterly*, Vol. 21, No. 4 (Fall 1999), pp. 65-93. Gil Feiler, *The History of Economic Relations between Egypt*

and the Arab Peninsula Oil States, 1967- 1984 (Ph. D. Dissertation, Tel Aviv University, 1989), pp. 356-79. (Hebrew)

⁴ See, e.g., Sadat's report to the Tokyo Conference of heads of European states and the US, in which he asked for support in the impressive sum of \$17.5 billion for five years in order to meet the loss of revenues anticipated as a result of the Arab boycott. See: Feiler, *The History of Economic Relations*, p. 359.

⁵ For the full text of the Baghdad Summit Resolutions, see: Iraqi News Agency, 31 March (FBIS-MEA-79-064, 2 April 1979).

⁶ On these decisions, see: Daniel Dishon, "Inter-Arab Relations," *Middle East Contemporary Survey (MECS)*, 1978-79, pp. 223-29; Itamar Rabinovich, "The Problem of South Lebanon," *MECS-1979-80*, pp. 187-193.

⁷ The GCC was formed in May 1981 and includes Saudi Arabia, Kuwait, Qatar, Bahrain, the United Arab Emirates (UAE), and Oman.

⁸ On the map of inter-Arab relations, see: Sela, *The Decline of the Arab-Israeli Conflict*, pp. 207-11; Daniel Dishon, "Sadat's Arab Adversaries," *The Jerusalem Quarterly*, No. 8 (Summer 1978), pp. 3-16.

⁹ The topics were chosen according to their inter-Arab centrality; therefore, the bilateral issue of Egyptian-Sudanese relations, which is also of importance to the boycott question, was not treated here.

¹⁰ For a general description of this process, see: Philip H. Stoddard, "Egypt and the Iran-Iraq War," in Thomas Naff (ed.), *Gulf Security and the Iran-Iraq War* (Washington, D.C.: National Defense University Press, 1985), pp. 27-57.

¹¹ Radio Cairo, 17 November (DR, 17 November 1980). See also: *New York Times*, 1 April 1981; *al-Majalla* (London), 5 June 1982; Abu Ghazala'a interview with *al-Musawwar* (Cairo), 4 June 1982. The connection between Gulf and Egyptian security was emphasized by Butrus Butrus Ghali, "Masira al-Diblumasiyya al-Misriyya khilal 'Amm 1986," *al-Siyasa al-Duwaliyya*, No. 88 (April 1987), pp. 4-8.

¹² On the arms deal, see: Daniel Dishon and Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1980-81, pp. 256-57; *New York Times*, 1 April 1981; *al-Sharq al-Awsat* (London, Jidda, and Riyadh), 29 April 1981 (DR, 3 May 1981).

¹³ Daniel Dishon and Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1981- 82, p. 243; *al-Jumhuriyya* (Cairo), 4 January 1985; *al-'Alim*

(London), 23 March 1985; Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1984-85, p. 127; idem, "Inter-Arab Relations," *MECS*, 1986, p. 111.

¹⁴ See a statement by Tah Yasin Ramadan, member of the Iraqi Revolution Command Council and commander of the Popular Army, *Iraqi News Agency* (INA), 3 November 1981 (BBC, ME/6873/A/3, 6 November 1981); *Al-Musawwar*, 28 May 1982; Abu Ghazala's interview, 4 June 1982; Mubarak's interview with *al-Watan al-'Arabi* (Paris), 4 June 1982; Ramadan's interview, *al-Musawwar*, 10 June 1983. According to *Akhbar al-Yawm* (Cairo) of 21 August 1982, 10,000 Egyptian volunteers were in Iraq -- constituting half of the total volunteers; according to another source, the figure was 20,000: Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1984-85, p. 127.

¹⁵ *MENA* (Middle East News Agency, Cairo), 11 May 1982 (DR, 11 May 1982).

¹⁶ *MENA*, 16 August 1982 (DR, 18 August 1982); *al-Akhbar* (Cairo), 3 July 1983; *BBC*, 4 March 1985; *al-Akhbar*, 17 March 1985; *al-Ahram* (Cairo), 22 March 1985 (on Mubarak's visit); Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1983-84, p. 140.

¹⁷ Ofra Bangio, "Iraq," *MECS*, 1986, p. 376; interview with Kamal Hasan 'Ali, *al-Watan al-'Arabi*, 17 August 1984.

¹⁸ Martin Kramer, "The Export of Islam," *MECS*, 1986, p. 139.

¹⁹ *Al-Rafidan* (London), 6 October 1984. The report of the agreement was originally published in *Nida' al-Shu'la*, May 1984. It is difficult to establish the authenticity of this document.

²⁰ *October* (Cairo), 4 July 1982; *al-Ahram*, 17 December 1983; *al-Dustur* (Amman), 27 February 1984. *al-Ahram* reported (25 December 1983) that a delegation of the Egyptian People's Assembly and Trade Unions visited the village.

²¹ *Al-Jumhuriyya*, 12 May 1985.

²² *Jaysh al-Sha'ab* (Damascus), 1 November 1979.

²³ On the Tunis Summit, see: Sela, *The Decline of the Arab-Israeli Conflict*, pp. 247-52.

²⁴ Helena Cobban, *CSM*, 9, 27 January; *Ruz al-Yusuf* (Cairo), 26 January; *al-Safir* (Beirut), 26 January 1980.

²⁵ *MENA*, 18 April (*BBC*, 18 April 1981); *Sawt al-'Arab*, 17 March 1981; *al-Mawqif al-'Arabi*, 4 May 1981.

- ²⁶ See, e.g., *al-Ahram*, 10 June; *CSM*, 16 July 1982; Daniel Dishon and Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1981-82, p. 252.
- ²⁷ *Al-Sharq al-Awsat*, 30 July 1982.
- ²⁸ On the contacts, see *al-Mawqif al-'Arabi*, 4 May 1981; *al-Ahram*, 13 December; *al-Majalla*, 18 December 1982.
- ²⁹ *Al-Majalla* (London), 18 December 1982.
- ³⁰ *Al-Ahram*, 12, 13 December; *al-Majalla*, 18 December 1982.
- ³¹ Sela, *The Decline of the Arab-Israeli Conflict*, p. 259.
- ³² *Al-Musawwar*, 3 December 1982. For more on the contacts, see: *al-Ahram*, 13 December 1982; *al-Safir*, 20 January 1983.
- ³³ *Radio Beirut*, 10 February; *MENA*, 17 February (DR, 18 February 1983); Kamal Hasan 'Ali's interview with *al-Watan al-'Arabi*, 5 May; *al-Sayyad*, 26 August 1983.
- ³⁴ Interview with Ghali, *al-Majalla*, 4 June 1983.
- ³⁵ *Al-Jumhuriyya*, 20 August 1983.
- ³⁶ *Al-Ahram*, 8 September 1983. See also *ibid.*, 19 August; *al-Jumhuriyya*, 5 September 1983; Daniel Dishon and Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1982-83, p. 208.
- ³⁷ *Al-Mustaqbal* (Paris), 1 October; *Ha'aretz* (Tel Aviv), 30 September; *al-Yamama*, 21 September 1983.
- ³⁸ *BBC*, 29 October 1983.
- ³⁹ For the text of the appeal, see: *al-Ahali* (Cairo), 9 November. For the visit, see: *al-Sha'ab* (Cairo), 29 November; *al-Musawwar*, 2 December 1983. In the Egyptian media, Asad was depicted as "Sharon of the Arabs" (see, e.g., *al-Akhbar*, 30 November 1983).
- ⁴⁰ On the visit and its significance, see *The Guardian* (London), 22 December; *Ha'aretz*, 25 December; *Akhar Sa'ah* (Cairo), 28 December; *al-Ahram*, 30 December 1983; *October*, 1 January 1984.
- ⁴¹ On the commercial agreement, see *al-Safir*, 14 March 1985. On Jumayyil's visits, see *al-Shira'* (Beirut), 26 May; *al-Siyasa* (Kuwait), 29 July 1986; DR, 26 October 1987. On other visits, see *al-Qabas* (Kuwait), 1 October; *BBC*, 29 October 1987. On arms shipments, see *al-Watan al-'Arabi*, 23 May 1986.
- ⁴² For a review of the relations, see: *al-Majalla*, 7 January 1987; *al-Mawqif al-'Arabi*, July 1985.
- ⁴³ *Al-Majalla*, 7 January 1987; *Ma'ariv* (Tel Aviv), 26, 29 February 1984; *al-Siyasa*, 1 October (DR, 3 October 1984).

⁴⁴ *October*, 16 April; *al-Musawwar*, 13 June; Radio Damascus, 4 December (BBC, 9 December); *al-Qabas*, 29 December; *KUNA*, 30 December; *Ma'ariv*, 31 December 1986; *al-Tali'a al-'Arabiyya*, 7 January 1987. Often enough, opposition leaders were used as a channel for delivering messages from and to the Egyptian president.

⁴⁵ *Al-Majalla*, 7 January; *Akhar Sa'ah*, 4 February 1987.

⁴⁶ On Riad's visit in Damascus, see: *al-Musawwar*, 30 January 1987. On the Asad-Mubarak meeting, see: *New York Times*, 29 January; *al-Musawwar*, 30 January 1987.

⁴⁷ For example, Husayn, Shara' and al-Baz met in Amman to discuss Syrian participation in an international peace conference. See: *al-Ra'y al-'Amm* (Kuwait), 3 July 1987. See also: *al-Wafd* (Cairo), 6 September 1987.

⁴⁸ *Jerusalem Post*, *Ha'aretz*, 23 February; *BBC*, 24 February 1979.

⁴⁹ *MENA*, 26 September (DR, 28 September); *al-Mustaqbal*, 5 October; *al-Ahram*, 15-16 October; *al-Watan al-'Arabi*, 25 October 1979.

⁵⁰ *Cairo Radio*, 1 May 1979.

⁵¹ William B. Quandt, *Saudi Arabia in the 1980s: Foreign Policy, Security, and Oil* (Washington: The Brookings Institute, 1981), p. 116.

⁵² *Ha'aretz*, 24 January, 6 June; *Akhbar al-Yawm*, 1 May; *Ma'ariv*, 26 May; *al-Musawwar*, 1, 8 February 1980.

⁵³ *KUNA*, 11 September; *MENA*, 11 October; *al-Kifah al-'Arabi* (Beirut), 17 November; *Middle East Newsletter* (West Sussex), 17-30 November 1980; Daniel Dishon and Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1980-81, p. 256.

⁵⁴ *Al-Ahram*, 9 December 1980. On the special connection between the security of the Gulf and Egypt, see: Butrus Ghali, "Masira al-Diblumasiyya," pp. 4-8.

⁵⁵ *Middle East International* (London), 19 December 1980.

⁵⁶ Nadav Safran, *Saudi Arabia: The Ceaseless Quest for Security* (Ithaca: Cornell University Press, 1988), p. 325.

⁵⁷ Daniel Dishon and Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1980-81, p. 256; *al-Madina* (Jidda), 28 March; *al-Ahram*, 25 April; 21 June; *al-Bilad* (Jidda), 4 July; 'Ukaz (Jidda), 12 July; *Ha'aretz*, 3 September 1981.

⁵⁸ Safran, *Saudi Arabia*, p. 326; Daniel Dishon and Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1980-81, pp. 256-57.

⁵⁹ On the plan and the reactions, see: Safran, *Saudi Arabia*, pp. 332-41; Sela, *The Decline of the Arab-Israeli Conflict*, pp. 274-80; Elie Podeh, *The Attitude of Saudi Arabia towards the Palestinians and Its Relations with the PLO, 1959-1982* (MA Thesis, Tel Aviv University, 1987), pp. 178-86; Daniel Dishon and Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS, 1980-81*, p. 257; *al-Riyadh*, 8 September; *al-Musawwar*, 25 December 1981.

⁶⁰ Safran, *Saudi Arabia*, p. 432; Quandt, *Saudi Arabia in the 1980s*, p. 16. According to Quandt, by 1980 the SUMED pipeline was carrying over 1.5 million barrels of oil a day (*ibid.*).

⁶¹ For details, see: Feiler, *The History of Economic Relations*, p. 372.

⁶² Some positive signs were the visit of Shaykh al-Azhar in Riyadh (*al-Ahram*, 10 January); the statement of Saudi minister of information (*al-Akhbar*, 26 January); and editorials in Saudi press (e.g., *al-Madina*, 14 January 1982).

⁶³ *Radio Cairo*, 26 April 1982. See similar statements by Abu Ghazala, *Akhar Sa'ah*, 5 May; and Kamal Hasan 'Ali, *al-Musawwar*, 30 April 1982. See also an excellent analysis of Egyptian motives, *al-Ushbu' al-'Arabi* (Beirut), 24 May 1982.

⁶⁴ *Al-Hawadith* (London), 19 February; *BBC*, 22 February; *al-Musawwar*, 26 February; *MENA*, 11 May (DR, 12 May 1982).

⁶⁵ *BBC*, 16 June; *al-Siyasi* (Cairo), 20 June 1982; Ami Ayalon, "The Arab Republic of Egypt," *MECS, 1981-82*, p. 462.

⁶⁶ See, e.g., *al-Jazira* (Riyadh), 22 September 1982.

⁶⁷ *Ha'aretz*, 11 October 1982.

⁶⁸ *'Ukaz*, 9 March; *al-Akhbar*, 6 November; Sa'ud al-Faysal's interview to *al-Mustaqbal*, 1 December; interview with *al-Majalla*, 24 December 1983; interview with Fahd, *al-Jazira*, 8 December 1984.

⁶⁹ Ibrahim Nafi', the editor of *al-Ahram* (28 December 1984), following his visit to Bahrain.

⁷⁰ See, e.g. Usama al-Baz's visit, which was intended to report on the talks of US Secretary of State Schulz in Cairo (*Radio Monte Carlo*, 15 May 1985).

⁷¹ Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS, 1986*, p. 109; *MENA*, 4 January (DR, 5 January 1987).

⁷² For details on the pact, see: *al-Ra'y al-'Amm*, 14 February 1987.

⁷³ *MEED* (Middle East Economic Digest), 19 December 1987, p. 41.

- ⁷⁴ Louis J. Cantori, "Egypt Reenter the Arab System," in Robert O. Freedman (ed.), *The Middle East from the Iran-Contra Affairs to the Intifada* (Syracuse: Syracuse University Press, 1991), p. 356.
- ⁷⁵ *Al-Sharq al-Awsat*, 23 August; *International Herald Tribune* (Paris and Zurich), 13 October; *KUNA*, 15 November; *al-Yawm al-Sabi'* (Paris), 30 November; *al-Mustaqbal*, 12 December 1987; Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1987, p. 135.
- ⁷⁶ *International Herald Tribune*, 26-27 October 1987; *MEED*, 31 October 1987, p. 13. See also in this regard the report of the EIU, *Egypt*, Country Report, No. 4 (1987), p. 7.
- ⁷⁷ See, e.g., *MENA*, 9 February (DR, 13 February), 5 March (DR, 5 March), 14 June (DR, 15 June); *Akhar Sa'ah*, 12 August 1987.
- ⁷⁸ On various reports on educational cooperation with North Yemen, see: *al-Ahram*, 1 March 1979; with Oman, see: *October*, 25 November 1979; with Qatar, *al-Ahram*, 21 December 1979; with Saudi Arabia, *MENA*, 2 January 1980. For reports on Arab students in Egypt, see *al-Watan*, 6 January 1981; *October*, 3 September 1982; *al-Tadamun* (London), 14 January 1984.
- ⁷⁹ See, e.g., *al-Ahram*, 8 March; *al-Akhbar*, 19 April 1987; *Radio Monte Carlo* and *MENA*, 13 June (DR, 15 June 1987).
- ⁸⁰ See, e.g., *al-Ahram*, 5 January 1980.
- ⁸¹ *BBC*, 19 June, 5 October; *MENA*, 28 November; *al-Ahram*, 26 November; *Ha'aretz*, 24 December 1979.
- ⁸² "Solidarity Day" was celebrated annually on 29 November, commemorating the 1947 Partition Plan. See, e.g., *Radio Cairo*, 29 November (DR, 2 December 1980). On the easing of restrictions, see: *Ruz al-Yusuf*, 9 February 1981. On the number of students, see: *al-Tadamun*, 14 January 1984.
- ⁸³ *Jerusalem Post*, 14 November (DR, 14 November 1980); *October*, 25 January; *Le Monde* (Paris), 29 January 1981.
- ⁸⁴ *Al-Sha'ab*, 27 January 1981.
- ⁸⁵ *Ha'aretz*, 2 February 1981.
- ⁸⁶ *The Times* (London), 11 February; *Ha'aretz*, 16 February; *Radio Cairo*, 18 February; *al-Musawwar*, 20 March 1981.
- ⁸⁷ *Christian Science Monitor*, 7 August 1981.
- ⁸⁸ *Jerusalem Post*, 14 November; *al-Akhbar*, 31 May 1980.
- ⁸⁹ *MENA*, 7 January; *al-Majalla*, 23 January; *al-Dustur*, 25 April 1982.

⁹⁰ *Radio Damascus*, 3 May; *al-Shira'*, 31 May 1982.

⁹¹ See in this connection: Sela, *The Decline of the Arab-Israeli Conflict*, pp. 284-85.

⁹² On the Egyptian role, see: *al-Sharq al-Awsat*, 16 October; Ghali's interview with *al-Musawwar*, 19 November; 'Ukaz, 28 November; 'Ali's interview with *Monday Morning* (Beirut), 29 November; *al-Ahram*, 12, 13 December 1982; *Radio Amman*, 6 February; *MENA*, 5, 7 March (BBC, 11 March 1983); Ghali's interview with *Kull al-'Arab* (Paris), 20 April 1983. On PLO- Jordan negotiations, see: Sela, *The Decline of the Arab-Israeli Conflict*, pp. 286-87; *al-Watan al-'Arabi*, 29 April 1983; Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1983-84, p. 138.

⁹³ *Al-Jumhuriyya*, 2, 3, 21 March; *Al-Ahram*, 4 March; *Akhar Sa'ah*, 2, 3, 9 March; *al-Akhbar*, 7 March; *Mayo*, 7 March; 'Ali's interview with *al-Musawwar*, 25 March 1983.

⁹⁴ *Al-Ahram*, 21 February; *New York Times*, 15 April 1983; *al-Ahram al-Iqtisadi*, 2 January 1984.

⁹⁵ *Al-Qabas*, 12 May 1983. See also: 'Arafat's interview in *The Middle East* (May 1983), pp. 20-24.

⁹⁶ Saad Eddin Ibrahim, *The Vindication of Sadat in the Arab World*, Policy Focus, No. 22 (The Washington Institute, 1993), p. 15.

⁹⁷ On this process, see: *Al-Ahram*, 26 August, 30 December; *Guardian*, 22 December; *Ha'aretz*, 25 December; *Akhar Sa'ah*, 28 December 1983; *October*, 1 January; *al-Ahram*, 2 January 1984; 'Arafat's interview with *Mayo* (Cairo), 7 May; *Kull al-'Arab*, 24 October; *al-Musawwar*, 16 November 1984.

⁹⁸ On the economic relations between Jordan and Iraq prior to the Iraqi invasion on Kuwait, see: A. Baram, "Ba'thi Iraq and Hashemite Jordan: From Hostility to Alignment," *Middle East Journal*, Vol. 45, No. 1 (1991), pp. 56-58.

⁹⁹ On the Amman Accord, the process leading to its conclusion and Egypt's involvement, see: Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1984-85, pp. 124-25; Sela, *The Decline of the Arab-Israeli Conflict*, pp. 287-88; *al-Jumhuriyya*, 14 February; *al-Majalla*, 27 February; *al-Ahram*, 3 March; *al-Akhbar*, 15 March 1985.

¹⁰⁰ Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1986, p. 110; *Radio Amman*, 25 April (DR, 26 April 1985).

¹⁰¹ On the economic agreements, see: *Jordan Times* (Amman), 27 October 1984; 3 April 1985. On the military ties, see: Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1984-85, p. 126; idem, "Inter-Arab Relations," *MECS*, 1986, 110-11; *Jerusalem Post*, 19 May; *Ha'aretz*, 9 July 1985.

¹⁰² *Ma'ariv*, 19 September 1996. For more information on Egypt-PLO relations, see: *MENA*, 4 September (DR, 5 September); *al-Akhbar*, 3 October; *KUNA*, 7 October; *Yedi'ot Aharonot* (Tel Aviv), 5-7 November; *Ha'aretz*, *Ma'ariv*, 10 November; *Jerusalem Post*, 28 November 1985; 'Ukaz, 6 January; *MENA*, 18 February (DR, 20 February); *MENA*, 2 June (DR, 2 June); *Ha'aretz*, 12 May; *al-Watan al-'Arabi*, 3 November 1986.

¹⁰³ See: Sadat's interviews with *October*, *MENA*, 2 September (DR, 25 September); 29 December (DR, 31 December 1979). See also: *al-Mustaqbal*, 9 May 1979.

¹⁰⁴ On the LIAP, see: *MECS*, 1979-80, p. 360; Daniel Dishon and Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1980-81, pp. 262-64; Anis Mansur, *October*, 6, 13 January 1980. For more on its activities, see: *Ruz al-Yusuf*, 10 May; *al-Siyasi*, 10 May; *al-Ahram*, 9 May, 3 June 1981.

¹⁰⁵ On the paper and the discussion surrounding it, see: Itamar Rabinovich, "The Problem of South :Lebanon," *MECS*, 1979-80, pp. 192-93; Anis Mansur, *October*, 3 February; *al-Ahram*, 16, 21-24 April; *al-Musawwar*, 25 April 1980.

¹⁰⁶ See his interview with *Monday Morning*, 22-28 March; *al-Dustur*, 13 March 1982; Daniel Dishon and Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1981-82, p. 237.

¹⁰⁷ *Al-Majalla*, 21 November 1981.

¹⁰⁸ *Al-Sharq al-Awsat*, 4 July; *al-Anba'* (Cairo), 31 August; *Ha'aretz*, 20 September 1982.

¹⁰⁹ *Al-Nahar* (Beirut), 7 October. On Egypt and the Fez Summit, see: *Ha'aretz*, 20 September; *al-Nahar al-'Arabi wal-Dawli* (Beirut), 4 October 1982. See the protocols in *al-Watan al-'Arabi*, 27 January, 4 February 1983.

¹¹⁰ *Al-Bayraq* (Beirut), 19 February; Ghali's interview with *al-Musawwar*, 4 March 1983.

¹¹¹ Interview with *Akhar Sa'ah*, 9 November 1983. See also: Ami Ayalon, "Egypt," *MECS*, 1983-84, p. 374; *al-Ahram*, 15 October; *al-Sharq al-Awsat*, 21 October 1983.

¹¹² See his interview with *al-Mustaqbal*, 18 August 1984, upon his nomination as Egypt's Foreign Minister.

¹¹³ On the ICO discussions, see: Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1983-84, pp. 127-30; *al-Akhbar*, 23 January; *Akhbar al-Yawm*, 21 January; *al-Tadamun*, 28 January; *al-Ahram*, 30, 31 January; *October*, 5 February 1984.

¹¹⁴ *Akhbar al-Yawm*, 11 February; *October*, 19 February 1984.

¹¹⁵ On the Riyadh Summit and the Saudi position, see: Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1983-84, pp. 125-27; *al-Ahram*, 5 January, 2 February; *International Herald Tribune*, 2-3 February 1985.

¹¹⁶ On the summit and Egyptian responses, see: Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1984-85, pp. 111-16; *al-Ahram*, 21 June. See also: Michel 'Aflaq's statement to *al-Talia' al-'Arabiyya*, 28 October 1985.

¹¹⁷ See, e.g., *Radio Cairo*, 28 April (DR, 29 April); Mubarak's May Day speech, as quoted in *Ma'ariv*, 2 May 1986.

¹¹⁸ Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1986, pp. 108-9.

¹¹⁹ It should be emphasized that most of these countries had retained some form of diplomatic representation in Cairo. On the Amman Summit, see: Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1987, pp. 128-34; Ami Ayalon, "The Arab Republic of Egypt," *MECS*, 1987, p. 341.

¹²⁰ On the Algiers Summit, see: Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1988, pp. 144-50. On Egyptian-Algerian contacts prior to the Summit, see: *Akhbar al-Yawm*, *al-Wafd*, 11 June 1988.

¹²¹ Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1989, pp. 128-56; Ami Ayalon, "Egypt," *MECS*, 1989, p. 305-6; Jeshua Teitelbaum, "The Palestinian Liberation Organization," *MECS*, 1991, p. 248.

¹²² Kerr, "Introduction," in Kerr and El Sayed Yassin (eds.), *Rich and Poor States in the Middle East*, p. 1.

¹²³ At current US\$, Egypt's per capita GDP increased from 294.5 in 1974 to 627.9 in 1978. ESCWA (UN Economic and Social Commission for Western Asia), *Survey of Economic and Social Developments in the ESCWA Region, 1998-1999* (New York, 1999), p. 33, Table 10.

¹²⁴ IMF, *Arab Republic of Egypt -- Recent Economic Developments* (20 February 1979), pp. 2-3.

¹²⁵ For a discussion of the economic factor in Sadat's decision to sign the peace treaty, see, mainly: Gad G. Gilbar, *The Economic Development of the Middle East in Modern Times* (Tel Aviv: Ministry of Defense, 1990), pp. 198-203 (Hebrew).

¹²⁶ EIU, *Egypt, Country Profile, 1986-87*, p. 40. A wide discussion on the Arab aid to Egypt following the October 1973 War until the Egyptian-Israeli peace treaty appears in Feiler, *The History of Economic Relations*, pp. 248-62.

¹²⁷ By 1976, the oil revenues of the GCC countries totaled \$57.85 billion, compared with \$46.18 billion in 1975, representing an increase of 25%. Source: ESCWA, *Economic and Social Development in the ESCWA Region, 1998-99* (New York, 1999), p. 45, Table 14.

¹²⁸ See, e.g., *MEED*, 6 April 1979, p. 4, 10 August 1979, p. 18, and an interview with the Egyptian economic minister, *An-Nahar Arab Report & Memo*, 15 October 1979, p. 10. See also EIU, *Egypt, Country Profile, 1986-87*, p. 40.

¹²⁹ See in this regard, Gad G. Gilbar, "Population Pressure and Oil Revenues: Egypt and Saudi Arabia, 1962-1985," in his *Population Dilemmas in the Middle East* (London and Portland: Frank Cass, 1996), p. 106.

¹³⁰ For the full text, see: *Iraqi News Agency*, 31 March (FBIS-MEA-79-064, 2 April 1979).

¹³¹ On this regard, see: *MEED*, 20 April 1979, p. 20; 18 May 1979, p. 33; 21 September 1979, p. 28; Daniel Dishon, "Inter-Arab Relations," *MECS, 1978-79*, pp. 228-29.

¹³² Feiler, *The History of Economic Relations*, p. 141.

¹³³ See the prediction in EIU, QER, *Egypt*, 3rd quarterly (1979), p. 6.

¹³⁴ See, e.g., *MEED*, 12 October 1979, p. 8. For some of these pessimistic forecasts, see: *The Arab Economist* (August 1979), p. 24; EIU, QER, *Egypt*, 2nd Quarterly (1979), pp. 1, 6; *MEED*, 22 June 1979, pp. 4, 6; 12 October 1979, p. 6.

¹³⁵ *M.E.N. Economic Weekly (M.E.W.)*, 21 April 1979, p. 2. See also: Yizhak Gal, *The Egyptian Economy in the Face of Arab Sanctions*, Occasional Papers, The Shiloah Center, Tel Aviv University, December 1980, pp. 39-40 (Hebrew); Feiler, *The History of Economic Relations*, pp. 356-59.

¹³⁶ EIU, QER, *Egypt*, 2nd quarterly (1979), p. 6.

¹³⁷ Thus, for example, less than three months following the signing of the peace treaty the *M.E.W.* wrote in this regard: "... the volume of trade between Egypt and the boycotting group has no such weight as to cause an imbalance in Egypt's foreign trade." *M.E.W.*, 2 June 1979, p. 16.

¹³⁸ In this regard, see, e.g., *M.E.W.*, 21 April 1979, p. 3.

¹³⁹ While during the period of 1980-1984, the aid provided to other countries amounted to \$30.5 billion, this sum declined sharply to \$14.8 billion during the years 1985-1989. ESCWA, *Survey of the Economic and Social Developments in the ESCWA Region, 2000-2001* (New York, 2001), p. 30, table 14.

¹⁴⁰ We did not address here evaluations regarding the effects of the boycott on the Egyptian economy that were written before 1989 -- the official end of the boycott -- for two reasons: first, the collapse in oil prices in 1986 led the Gulf oil-countries to change their attitude both toward aid to other countries and to the foreign workers; and second, due to the upsurge in Egyptian-Gulf activity in all spheres since early 1987 as a result of Iran's missile attacks on Kuwait's oil facilities.

¹⁴¹ Heba Handoussa and Nemat Shafic, "The Economics of Peace: The Egyptian Case," in Stanley Fischer et al. (eds.), *The Economics of Middle East Peace* (Cambridge, Mass.: MIT Press, 1993), p. 25.

¹⁴² Paul Sullivan, "Contrary Views of Economic Diplomacy in the Arab World," p. 65.

¹⁴³ J. S. Birks, C. A. Sinclair, and J. A. Socknat, "The Demand for Egyptian Labor Abroad," in Alan Richards and Philip L. Martin (eds.), *Migration, Mechanization, and Agricultural Labor Markets in Egypt* (Boulder: Westview Press, 1983), p. 118.

¹⁴⁴ *The Arab Economist*, April 1980, p. 25.

¹⁴⁵ Eliyahu Kanovsky, "Egypt's Troubled Economy: Mubarak's Inheritance," in *MECS, 1981-82*, p. 416.

¹⁴⁶ Ralph R. Sell, "Egyptian International Labor Migration and Social Processes:

Toward Regional Integration," *International Migration Review*, Vol. 22, No. 3

(March 1988), p. 91.

¹⁴⁷ *MEED*, 16 September 1983, p. 2; EIU, QER, *Egypt, Country Profile, 1986-87*, p. 8.

¹⁴⁸ Arab Republic of Egypt, Central Agency for Public Mobilisation and Statistics (CAPMS), *External Migration As a Demographic Phenomenon* (Cairo, 1994), p. 14.

¹⁴⁹ *MEED*, 5 April 1986, p. 13. During March-May 1986, an estimated 250,000 Egyptians were returned from Iraq as a result of these restrictions. *MEED*, 14 June 1986, p. 19.

¹⁵⁰ Ibrahim Oweiss, "The Migration of Egyptians," in A. B. Zahlan (ed.), *The Arab Brain Drain* (London: Ithaca Press, 1981), p. 170.

¹⁵¹ Delwin A. Roy, "Egyptian Emigrant Labor: Domestic Consequences," *Middle Eastern Studies*, Vol. 27, No. 3 (July 1991), p. 578. Other migrant groups in the Gulf were much more politically active than the Egyptians. The Palestinians played an important part in organizing the first strikes in the Saudi oil fields in the 1950s. Yemenites were involved in opposition activities in Saudi Arabia, whether in the underground nationalist movement of the 1960s or in the seizure of the Mecca Mosque in 1979. Fred Halliday, "Labor Migration in the Arab World," *Merip Reports* (May 1984), p. 7.

¹⁵² On the details of the labor agreements, see: *al-Ahram*, 25 March 1985; *al-Ra'y* (Amman), 19 February 1987.

¹⁵³ The United Nations, *Demographic Yearbook-1991* (New York, 1993), p. 233, table 1.

¹⁵⁴ *MEED*, 2 September 1983, p. 16. Other sources also claimed that in 1985 the number of Egyptian workers was approximately 1.25 million. See, e.g., Ann M. Lesch, "Egyptian Labor Migration," in Ibrahim M. Oweiss (ed.), *The Political Economy of Contemporary Egypt* (Washington: Center for Contemporary Arab Studies, Georgetown University, 1990), p. 92.

¹⁵⁵ According to the EIU estimated, in late 1988, the number of Egyptian workers in Iraq was 1.2 million. EIU, *Country Report-Egypt*, No. 4 (1988), p. 10. According to the Director of Immigration Affairs in Egypt's Foreign Ministry, Mahmud Abbas, in early 1987 the number of Egyptian workers in Iraq was 1.6 million. Sell, "Egyptian International Labor Migration and Social Processes," p. 91.

¹⁵⁶ *MEED*, 31 July 1981, p. 10.

¹⁵⁷ Muhammad Sa'ad 'Amirah, "Waqi' al-Bitalah fi al-Urdun wa-Nadhirah Nahwa al-Mustaqbal," in Mustafa al-Hamarnah (ed.), *al-Iqtisad al-Urduni* (Amman: Markaz al-Dirasat al-Istratijiyya, 1994), p. 224, Table 2.

¹⁵⁸ Handoussa and Shafic, "The Economics of Peace: The Egyptian Case," p. 40.

¹⁵⁹ Gil Feiler, "Migration and Recession: Arab Labor Mobility in the Middle East, 1982-1989," *Population and Development Review*, Vol. 17, No. 1 (March 1991), p. 158; *MEED*, 2 December 1983, p. 13.

¹⁶⁰ See, e.g., Birks, Sinclair, and Socknat, "The Demand for Egyptian Labor Abroad," p. 126.

¹⁶¹ Nabeel A. Khoury, "The Politics of Intra-Regional Migration in the Arab World," *Journal of South Asian and Middle Eastern Studies*, Vol. XI, No. 2 (Winter 1982), pp. 5-7.

¹⁶² Saad Eddin Ibrahim, "Oil, Migration and the New Arab Social Order," in Kerr and El Sayed Yassin (eds.), *Rich and Poor States*, pp. 65-66.

¹⁶³ Alan Richards and Philip L. Martin, "The Laissez-Faire Approach to International Labor Migration: The Case of the Arab Middle East," *Economic Development and Cultural Change*, Vol. 31, No. 3 (1983), p. 460.

¹⁶⁴ Arab Republic of Egypt, Central Agency for Public Mobilisation and Statistics (CAPMAS), *Statistical Yearbook, 1992-1998* (Cairo 1999), 11, table 1-15.

¹⁶⁵ EIU, *Country Profile-Egypt, 2001*, p. 15. By the fiscal year 1999/2000 the remittances of the Egyptian workers abroad amounted to only \$2.737 billion, declining further to \$2.098 billion in the fiscal year of 2000/01. Central Bank of Egypt, *Economic Review*, Vol. XLI, No. 3 (2000-2001), p. 44.

¹⁶⁶ EIU, *Country Profile-Egypt, 1999-2000*, p. 12.

¹⁶⁷ See, for example, Onn Winckler, *Demographic Developments and Population Policies in Ba'thist Syria* (Brighton and Portland: Sussex Academic Press, 1999), pp. 105-8, 136-37.

¹⁶⁸ *ARABIA – The Islamic World Review* (January 1983). See also: *MEED*, 17 September 1982, p. 27. In this regard, see also: Feiler, *The History of Economic Relations*, p. 202.

¹⁶⁹ *MEED*, 7 December 1985, p. 12; "MEED Special Report – Egypt," June 1986, p. 8; EIU, *Egypt, Country Report*, No. 2 (1987) p. 10.

¹⁷⁰ See, e.g., Sulayman al-Qudsi, "Labor Markets in the Future of Arab Economies: The Imperatives and Implications of Economic Restructuring," in Ismail Sirageldin and Eqbal al-Rahmani (eds.), *Population and Development Transformations in the Arab World*, Research in Human

Capital and Development (Greenwich and London: JAI Press INC., 1996), p. 144.

¹⁷¹ The Central Bank of Egypt derives its figures on workers' remittances from two sources: cash transfers through the banking system and imports in kind.

¹⁷² Prior to the exchange rate reform, in mid-1986, while the official exchange rate was \$1=£E0.70, the free market rate was more than twice that, \$1=£E1.80. On the May 1987 reform, see: EIU, *Egypt*, country Report, No. 2 (1987), p. 9.

¹⁷³ Since the May 1987 exchange rate reform, the percentage of the remittances transferring through the banking system increased substantially. During the second half of 1987, workers' remittances totaled \$1.750 billion. *MEED*, 10 June 1988, p. 5; 24 June 1988, p. 14.

¹⁷⁴ Rodney Wilson, "Whither the Egyptian Economy?" *British Journal of Middle East Studies*, Vol. 20, No.2 (1993), p. 211.

¹⁷⁵ Nazli Choucri, "The Hidden Economy: A New View of Remittances in the Arab World," *World Development*, Vol. 14, No. 6 (1986), p. 697. See also in this regard: Robert. L. Looney, "Patterns of Remittances and Labor Migration in the Arab World," *International Migration*, Vol. 24, No.4 (1989), pp. 565-67.

¹⁷⁶ Nazli Choucri, "Migration in the Middle East: Old Economics or New Politics?" *Journal of Arab Affairs*, Vol. 7, No. 1 (Spring 1988), p. 12.

¹⁷⁷ Lesch, "Egyptian Labor Migration," p. 100.

¹⁷⁸ *MEED*, 18 February 1983, p. 62.

¹⁷⁹ Sullivan, "Contrary Views of Economic Diplomacy in the Arab World: Egypt," p. 67.

¹⁸⁰ According to the May 1987 exchange rate reform, transactions involving workers' remittances and tourist expenditure would move from the \$1=£E1.35 to a free market rate prescribed daily in line with the unofficial free market rate, which was initially set at \$1=£E2.16, almost twice the official exchange rate. On May 17, six days following the reform, Salah Hamed, governor of the Central Bank of Egypt, said that the new rate had by then already encouraged an increased flow of foreign currency through the official banking system with \$12 million traded during a three-day period, compared with only \$100,000 daily previously. Previous attempts to attract foreign currency to the formal banking system failed simply because the official exchange rate was too overvalued. EIU, *Egypt*, Country Report,

No. 2 (1987), pp 9-10; No. 3 (1987), p. 9. In the third report of 1987 on the Egyptian economy the EIU reported: "the Central Bank appears to be delighted with the effect of the May 11 currency regulations which have generated an inflow of about \$650 million during the first two months since they came into effect. EIU, *Egypt*, Country Report, No. 3 (1987), p. 4. Moreover, harsh actions were taken against "black market" dealers. The EIU reported also: "the traditional flood of remittances from the Gulf in mid-summer [1987] has now boosted this figure [of inflow of foreign exchange through the banking system] to almost \$12 million a day," as compared with \$8 million a day previously. EIU, *Egypt*, Country Report, No. 3 (1987), pp. 8-9; No. 4 (1987), p. 8.

¹⁸¹ Regarding the reduction in the salaries of the foreign workers in the Gulf during the 1990s, see, e.g., *MEED*, 5 April 1996, p. 56; Sulayman Khalaf and Saad Alkobaisi, "Migrants' Strategies of Coping and Patterns of Accommodation in the Oil-Rich Gulf Societies: Evidence from the UAE," *British Journal of Middle Eastern Studies*, Vol. 26, No. 2 (November 1999), pp. 271-298; Said Abdullah al-Shaikh, "Demographic Transitions in Saudi Arabia and Their Impact on Economic Growth and the Labor Market," *Saudi Economic Survey*, 13 September 2000, p. 20, tables 3 and 4; *Ha'aretz*, 24 December 1997. According to data published by the Jordanian Ministry of Labour, by 1999 approximately 90% of the foreign workers in the Kingdom were earning a monthly salary of less than 100 JD (Jordanian Dinar), equivalent to \$150. Amman Center for Peace and Development, *Social Services in Jordan, 1999-2000* (Amman, 2001), p. 37. This amount is extremely low as compared with the prevailing salaries during the 1980s.

¹⁸² The World Bank, *World Development Report-1993* (published for the World Bank by Oxford University Press, Oxford and New York, 1993), p. 272, table 18.

¹⁸³ The World Bank, *World Development Report-1996*, p. 218, table 16.

¹⁸⁴ Sullivan, "Contrary Views of Economic Diplomacy in the Arab World: Egypt," p. 67.

¹⁸⁵ The EIU opened the second report on Egypt's economy in 1986 by stating that: "By most standards Egypt's economic plight looks worse than ever... the figures are strikingly bad. Oil export collapsed... Tourism income is likewise down and remittances income is threatened by Iraqi actions." EIU, *QER, Egypt*, No. 2 (1986), p. 3. C.A. Sinclair wrote that: "In 1986 Egypt probably received only about 60% of the foreign exchange

revenues of 1983, in current terms. This situation presents a tremendous challenge." C.A. Sinclair, "Migrant Workers' Remittances in the Arab World: Scale, Significance and Prediction," in B.R. Pridham (ed.), *The Arab Gulf and the Arab World* (London: Croom Helm, 1988), p. 227. A World Bank report analyzing the Egyptian economy in 1987 noted: "Egypt in 1987 has been facing problems that are more serious than ever before... By early 1987, the Egyptian government was experiencing very serious liquidity problems, with resulting delays in public-sector imports of both consumer and capital goods and accumulated arrearages in foreign debt repayment in excess of \$5 billion." Thomas W. Lippman, *Egypt After Nasser: Sadat, Peace and the Mirage of Prosperity* (New York: Paragon Press, 1989), p. 84.

¹⁸⁶ By 1986, Iraq's total oil revenues were \$7 billion, as compared with \$12.5 billion one year earlier. ESCWA, *Survey of Economic and Social Developments in the ESCWA Region, 1998-1999*, p. 45, table 14.

¹⁸⁷ *MEED*, 5 April 1986, p. 13. See also: Sinclair, "Migrant Workers' Remittances in the Arab World," p. 224.

¹⁸⁸ *MEED*, 14 June 1986, p. 19.

¹⁸⁹ Abussalem Ibrahim and Richard Lawless, "Immigrant Workers in the Libyan Labour Force," *Immigrants and Minorities*, Vol. 7, No. 2 (July 1988), p. 212.

¹⁹⁰ Eliyahu Kanovsky, "Migration from the Poor to the Rich Arab Countries," *Occasional Papers* (Dayan Center, Tel Aviv University), June 1984, p. 10.

¹⁹¹ *M.E.W.*, 21 April 1979, p. 4.

¹⁹² IMF, *Direction of Trade Statistics Yearbook*, various issues (Washington, D.C.).

¹⁹³ See, e.g., *MEED*, 18 February 1983, p. 8;

¹⁹⁴ *MEED*, "Special Report - Egypt," July 1983, p. 10.

¹⁹⁵ *MEED*, 14 November 1987, p. 15.

¹⁹⁶ *MEED*, 16 January 1981, p. 21.

¹⁹⁷ *MEED*, 1 August 1987, p. 8.

¹⁹⁸ *MEED*, 15 April 1983, p. 35; 29 April 1983, p. 29.

¹⁹⁹ International Monetary Fund (IMF), *Direction of Trade Statistics Yearbook*, various issues (Washington, D.C.).

²⁰⁰ *MEED*, 20 January 1984, pp. 15, 17.

²⁰¹ *MEED*, 4 January 1986, p. 13; EIU, QER, *Egypt*, No. 3 (1985), p. 24.

- ²⁰² *MEED*, 10 May 1986, p. 13.
- ²⁰³ Rodney Wilson, *Economic Development in the Middle East* (London and New York: Routledge, 1995), p. 171.
- ²⁰⁴ See: IMF, *Direction of Trade Statistics Yearbook*, various issues, 1990-1995 (Washington, D. C.).
- ²⁰⁵ National Bank of Egypt, *The Egyptian Economy in Brief, 2000*, p. 7; idem, *Economic Review*, Vol. XLI, No. 3 (2000-2001), p. 42.
- ²⁰⁶ IMF, *Arab Republic of Egypt -- Recent Economic Developments* (20 February 1979), p. 17; Matthwe Gray, "Economic Reform, Privatization and Tourism in Egypt," *Middle Eastern Studies*, Vol. 34, No. 2 (1998), pp. 93-95.
- ²⁰⁷ *Al-Ahram al-Iqtisadi* (Cairo), 17 November 1980, p. 33.
- ²⁰⁸ *Financial Times* (London), 30 July 1979.
- ²⁰⁹ See, e.g., *M.E.W.*, 14 October 1978, p. 25.
- ²¹⁰ *M.E.W.*, 21 April 1979, p. 11.
- ²¹¹ *Financial Times*, 30 July 1979.
- ²¹² Lavy, "The Economic Embargo of Egypt by Arab States," p. 431.
- ²¹³ On this trend, see, e.g., *al-Ahram*, 11 September, 22 October 1979; *MEW*, 22 September 1979, p. 11.
- ²¹⁴ "Egypt," EIU, *International Tourism Quarterly*, No. 1 (1980), p. 43.
- ²¹⁵ See also: *MEED*, 27 June 1980, p. 24.
- ²¹⁶ See also: Henry J. Burton, "Egypt's Development in the Seventies," *Economic Development and Cultural Change*, Vol. 33, No. 4 (July 1983), p. 703, fn. 9.
- ²¹⁷ *Financial Times*, 23 July 1980; *MEED*, 24 August 1979, p. 19.
- ²¹⁸ Lavy, "The Economic Embargo of Egypt by Arab States," p. 425.
- ²¹⁹ *Al-Ahram*, 1 April 1982.
- ²²⁰ Travel & Tourism Intelligence (TTI), *International Tourism Reports (ITR), Country Reports (CR)*, "Egypt," (1999), pp. 24, 42.
- ²²¹ On the February 1986 police riots, in which at least 36 people died and more than 2,000 were arrested, see, e.g., EIU, QER, *Egypt*, No. 1 (1986), p. 6.
- ²²² EIU, *Country Report-Egypt*, No. 1 (1988), p. 18.
- ²²³ WTO, *Yearbook of Tourism Statistics-1995*, pp. 204-05.
- ²²⁴ WTO, *Yearbook of Tourism Statistics-2000*, pp. 225-27.
- ²²⁵ See, e.g., Feiler, *The History of Economic Relations*, pp. 112-16.

²²⁶ *Ibid.*, p. 179.

²²⁷ In an article published in 1984, Lavy claimed: "Undoubtedly, the Arab sanctions brought a temporary decline in Arab investment in Egypt. But most projects that were cancelled in 1979 were resumed in 1980" ("The Economic Embargo of Egypt by Arab States," p. 422).

²²⁸ *MEED*, 30 November 1979, p. 26.

²²⁹ *MEED*, 6 July 1979, p. 21.

²³⁰ *MEED*, 8 February 1980, p. 24.

²³¹ *MEED*, 29 August 1980, p. 18.

²³² *MEED*, 2 July 1982, p. 8.

²³³ "MEED Special Report – Construction and Contracting," *MEED*, March 1981, p. 67.

²³⁴ *MEED*, 9 March 1984, p. 9; 1 June 1984, p. 8.

²³⁵ *MEED*, 17 February 1984, p. 14.

²³⁶ Feiler, *The History of Economic Relations*, p. 174, table 2.33.

²³⁷ *MEED*, 16 May 1987, p. 14.

²³⁸ EIU, *Country Report-Egypt*, No. 4 (1988), p. 13.

²³⁹ See, e.g., EIU, *Country Report-Egypt*, No. 4 (1988), p. 25.

²⁴⁰ *MEED*, "Special Report – Construction," April 1983, p. 30.

²⁴¹ *MEED*, 18 June 1982, p. 12.

²⁴² *MEED*, 3 July 1981, p. 8.

²⁴³ *MEED*, 3 June 1983, p. 16.

²⁴⁴ *MEED*, 11 March 1983, p. 14.

²⁴⁵ *MEED*, 8 February 1985, p. 8.

²⁴⁶ *MEED*, 27 September 1986, p. 8.

²⁴⁷ Nemat Shafik, "Has Labor Migration Promoted Economic Integration in the Middle East?" in Ismail and al-Rahmani (eds.), *Population and Development Transformations in the Arab World*, p. 172.

²⁴⁸ EIU, QER, *Egypt*, 2nd Quarterly (1982), p. 10.

²⁴⁹ *MEED*, 14 December 1984, p. 10.

²⁵⁰ Feiler, *The History of Economic Relations*, pp. 362-63.

²⁵¹ *MEED*, 28 February 1987, p. 8; 20 May 1988, p. 8; Feiler, *The History of Economic Relations*, p. 366.

²⁵² Feiler, *The History of Economic Relations*, pp. 272, 365.

²⁵³ The Rosetta coastline has been suffering erosion because of the Aswan High Dam's impact on the flow of water in the Nile.

²⁵⁴ *MEED*, 13 July 1987, p. 8.

²⁵⁵ *MEED*, 24 October 1987, p. 16.

²⁵⁶ EIU, *Egypt*, Country Report, No. 3 (1987), pp. 7-8, 15; *MEED*, 24 October 1987, p. 16.

²⁵⁷ *MEED*, 11 July 1987, p. 54.

²⁵⁸ *MEED*, 12 July 1986, p. 11.

²⁵⁹ *MEED*, 26 July 1986, p. 10.

²⁶⁰ For studies that dealt with Egypt's place in the system, see: Elie Podeh, "The Emergence of the Arab State System Reconsidered," *Diplomacy and Statecraft*, Vol. 9, No. 3 (November 1998), pp. 50-82; idem, *The Quest for Hegemony in the Arab World: The Struggle over the Baghdad Pact* (Leiden: E. J. Brill, 1995), chapter 1.

²⁶¹ Shibley Telhami, *Power and Leadership in International Bargaining: The Path to the Camp David Accords* (New York: Columbia University Press, 1990), p. 90. See his excellent analysis in chapter 4.

²⁶² See: Sadat's speech, *Radio Cairo*, 1 May (DR, 2 May 1979); and his interview with *Uktober*, in *MENA*, 2 September (DR, 25 September 1979). See also: *al-Mustaqbal*, 9 May 1979; *Ruz al-Yusuf*, 8 December 1980.

²⁶³ Michael Barnett, *Dialogues in Arab Politics: Negotiations in Regional Order* (New York: Columbia University Press, 1998), p. 197.

²⁶⁴ Ali E. Hillal Dessouki, "The New Arab Political Order: Implications for the 1980s," in Kerr and El Sayed Yassin (eds.), *Rich and Poor States in the Middle East*, p. 319.

²⁶⁵ *Ibid.*, p. 329.

²⁶⁶ *Ibid.*, p. 343.

²⁶⁷ Paul Noble, "The Prospects for Arab Cooperation in a Changing Regional and Global System," in Michael Hudson (ed.), *Middle East Dilemma: The Politics and Economics of Economic Integration* (London: I.B. Tauris, 1999), p. 74.

²⁶⁸ Kerr, "Introduction," in Kerr and El Sayed Yassin (eds.), *Rich and Poor States in the Middle East*, pp. 6, 11-12.

²⁶⁹ For slightly different figures, which however do not change the overall trend, see: Shlomo Gazit (ed.), *The Middle East Military Balance 1988-1989* (Boulder: Westview Press, 1989), pp. 151-52, 174, 277, 308-9, 311.

²⁷⁰ Barnett, *Dialogues in Arab Politics*, p. 200.

²⁷¹ Makram Muhammad Ahmad, "Misr w-Casablanca Qimma," *al-Musawwar*, 19 May 1989.

²⁷² *Radio Monte Carlo*, 24 May (DR, 25 May 1989).

²⁷³ Bruce Maddy-Weitzman, "Inter-Arab Relations," *MECS*, 1989, pp. 131-32; Ami Ayalon, "Egypt," *MECS*, 1989, p. 307; *Radio Cairo*, 30 May (DR, 1 June 1989).

²⁷⁴ See: *al-Ahram*, 24 March, 14 April 1972. Quoted in Daniel Dishon, "Inter-Arab Relations," in Itamar Rabinovich and Haim Shaked (eds.), *From June to October: The Middle East between 1967 and 1973* (New Brunswick, NJ: Transaction Books, 1978), p. 169, fn. 9.