

UNDERSTANDING EGYPTIAN MILITARY EXPENDITURE

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I. Introduction

Egypt has one of the largest military forces in the Middle East and North Africa (MENA) and the largest inventory of major weapons in the region. Amid a growing perception of intensified domestic and regional security threats, Egypt, under President Abdel Fattah al-Sisi, has made considerable investments to modernize and train its armed forces. However, based on the official figures provided by the government, Egypt's military expenditure averaged a comparatively moderate, by regional standards, US\$3.8 billion annually over the past decade. Egypt thus appears to have one of the lowest levels of military spending in MENA: based on its official figures, in 2019 Egypt had the ninth-highest spending among the 14 countries in the region for which data is available.¹

Between 2010 and 2019 Egypt's arms acquisitions increased significantly compared with the previous decade (i.e. 2000–2009). It also launched several military operations in the Sinai peninsula. At the same time, Egypt's official figures showed an overall real-terms decrease in its military budget. Although it is not always feasible to assess Egypt's disaggregated military spending, this background paper aims to review Egypt's official military expenditure figures over the decade 2010–19 to obtain a clearer picture of the level of financial resources Egypt dedicates to military issues.

Previous studies have discussed the scale of resources absorbed by the military in Egypt, but these studies focused on understanding the drivers of total military spending, rather than examining the figures themselves.² This paper fills this gap by investigating the uncertainties of the underlying military spending data. Taking the Stockholm International Peace Research Institute's (SIPRI) comprehensive definition of military expenditure as a guideline, the paper explores different elements of military expenditure in the context of Egypt. It aims to answer the following questions: what elements of

¹ SIPRI reported estimates of military spending for 14 of the 19 countries in the Middle East and North Africa in 2019: Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Morocco, Oman, Tunisia, Turkey and Saudi Arabia. Estimates cannot be made for 5 states: Libya, Qatar, Syria, the United Arab Emirates (UAE) and Yemen. SIPRI Military Expenditure Database, <<https://www.sipri.org/databases/milex>>.

² See e.g. Abu-Qarn, A. S. et al., 'The demand for military spending in Egypt', *Defence and Peace Economics*, vol. 25, no. 3 (2014), pp. 231–45; and Ali, H. E., 'Military expenditures and human development: Guns and butter arguments revisited: A case study from Egypt', *Peace Economics, Peace Science and Public Policy*, vol. 17, no. 1 (2011).

SUMMARY

● Egypt has one of the largest military forces and inventories of major weapons in the Middle East and North Africa (MENA). However, based on the official figures provided by the government, Egypt's military expenditure averaged a comparatively moderate, by regional standards, US\$3.8 billion annually over the past decade. Egypt thus appears to have one of the lowest levels of military spending in MENA.

This background paper provides an in-depth exploration of the official military spending figures for Egypt. Through analysis of primary and secondary sources, it highlights gaps and shortcomings in the data reported by the Egyptian Government. By mapping and examining a comprehensive list of Egypt's arms procurement deals between 2000 and 2019, it also shows that the growing number of arms acquisitions apparently had no impact on the level of military spending officially reported by Egypt over the most recent decade.

The paper also identifies one additional spending category that could be included in an estimate of Egypt's military expenditure: costs related to specific activities of Egypt's paramilitary forces.

The issues regarding the lack of comprehensive official data on military spending raised in the paper can be resolved only through promoting transparency in military budgeting in Egypt.



military expenditure are financed through Egypt's official military budget? Are some items of military spending excluded? If so, can additional data for these items be obtained? The background paper also highlights whether there are indications that off-budget sources in Egypt fund military expenditure. By providing a better understanding of the level of financial resources Egypt dedicates to its military, this research aims to input into broader efforts to improve transparency in military matters in MENA.

To facilitate the tracking of military spending in Egypt, the various elements of military expenditure are first described (section II). The next step to understanding the nature of Egypt's military spending requires context: over time, by describing trends in the official military budget figures since 2010; and geographically, by comparing it with other countries in MENA (section III). A further step is to examine Egypt's national reporting of military spending to identify the elements of military expenditure that are reported and financed through Egypt's military budget and those which are not (section IV). The latter includes spending on Egypt's paramilitary force, which is under the authority of the Ministry of Interior (section V). The paper continues (in section VI) by analysing another element of military expenditure—spending on arms procurement. By mapping and examining a comprehensive list of Egypt's arms acquisition deals over the past two decades (i.e. 2000–2009 and 2010–19), the section aims to show that the growing number of arms acquisitions apparently had little to no impact on the levels of military spending reported in Egypt's official military budget over the past decade. Section VII explores possible off-budget sources of funding and section VIII presents the paper's key conclusions.

II. Definitions, methods and sources

Defining military expenditure

To provide an easily identifiable measure of the scale of resources absorbed by the military, SIPRI provides annual figures on military spending levels of 169 countries, with historical coverage for the majority of states going back to 1988. To make these estimates, SIPRI collects government documents that include data on actual spending or the budget for those activities that fit within SIPRI's definition of military spending. SIPRI has adopted a consistent definition of military expenditure for all countries. Where possible, SIPRI military expenditure data includes all current and capital expenditure on (a) the armed forces; (b) defence ministries and other government agencies engaged in defence projects; (c) military space activities; and (d) paramilitary forces. This should include expenditure on personnel, including salaries of military and civil personnel, pensions of military personnel, and social services for personnel; procurement (expenditure for military equipment); operations and maintenance; military research and development (R&D); and military aid (in the military expenditure of the donor country).³

Spending on paramilitary forces is not always considered to be military expenditure by governments. SIPRI considers it to be part of military expenditure if the forces, which often have a dual military and public order

³ SIPRI Military Expenditure Database, 'Sources and methods', [n.d.].



role, are trained and equipped for military operations and can contribute to military activities.⁴ Spending on such forces is included in military expenditure regardless of whether it is funded through the Ministry of Defence or another ministry. Thus, for example, expenditure on China's People's Armed Police, Morocco's Gendarmerie and Russia's National Guard is included in SIPRI's military expenditure calculations for these countries. Similarly, North Atlantic Treaty Organization (NATO) countries report their 'defence expenditure' on 'other forces', even if they are financed through the budgets of ministries other than the Ministry of Defence.⁵

The case of Egypt

As a general rule, SIPRI takes national data to be accurate until there is convincing information to the contrary. To estimate military spending for Egypt, SIPRI uses the official data from the state budget reported by the Egyptian Ministry of Finance. Detailed administrative reports on resource allocations and government expenditure by function and other classifications are publicly available (in Arabic) through the Ministry of Finance's electronic archive.⁶

Using primary and secondary open sources in Arabic and English, this paper examines the composition of Egypt's military spending. This includes (a) spending on 'defence and national security', which currently constitutes SIPRI's military spending figures for Egypt; and (b) spending on paramilitary forces—the Central Security Forces (CSF). Egypt's spending on paramilitary forces is not included in SIPRI's current calculation of Egypt's military spending due to the impossibility of making an accurate estimate. Nevertheless, it needs to be carefully assessed for a better understanding of military expenditure trends in Egypt (see section V). The spending figures for both elements (i.e. 'defence and national security' and paramilitary forces) are taken from the state budget. The data discussed in this paper is for budgeted expenditure, not for actual expenditure, which can differ from budgeted spending.

To make comparisons of military spending between different countries, this paper uses military expenditure figures in United States dollars presented on a calendar-year basis. To examine national reporting of Egypt's official military budget, as well as spending on paramilitary forces, this study uses data in Egyptian pounds and US dollars on a financial-year (July–June) basis. As some of the main budget items (e.g. salaries) are probably allocated in local currency, while others may involve allocations in foreign currency (e.g. imports of military and non-military equipment), trends in Egypt's official military budgets over time (2010/11–2019/20) are assessed in both Egyptian pounds and US dollars in nominal and real (adjusted for inflation) terms.

Based on its official figures, in 2019 Egypt had the ninth-highest military spending among the 14 countries in MENA for which data is available

⁴ Perlo-Freeman, S., 'Monitoring military expenditure', SIPRI Backgrounder, 11 Jan. 2017; and SIPRI Military Expenditure Database (note 3).

⁵ NATO, 'Defence expenditure of NATO countries (2013–2019)', Press release, 29 Nov. 2019, p. 15.

⁶ Egyptian Ministry of Finance's electronic archive, accessed July 2020.

Table 1. Egypt's official budget for defence and national security, financial years 2010/11–2019/20

Currency units are in billions (b.). Figures in US dollars are based on SIPRI's calculations. Constant prices are based on 2018 prices. 'Change' indicates the percentage change from the preceding financial year.

	Financial year (July–June)									
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Egyptian pounds, current prices (b.)	25.4	25.5	27.5	30.9	39.3	43.2	47.1	51.9	59.4	66.3
Change (%)		0.3	8.1	12	27	10	9.1	10	15	12
Egyptian pounds, constant prices (b.)	70.9	64.6	65.2	67.0	77.2	76.9	73.8	62.7	59.4	58.3
Change (%)		-8.9	0.9	2.7	15	-0.3	-4.1	-15	-5.3	-1.9
US\$, current prices (b.)	4.5	4.3	4.5	4.5	5.5	5.6	4.7	2.9	3.3	4.0
Change (%)		-5.0	5.9	-0.9	23	1.2	-16	-38	15	18
US\$, constant prices (b.)	4.0	3.6	3.7	3.8	4.3	4.3	4.1	3.5	3.3	3.3
Change (%)		-8.9	0.9	2.7	15	-0.3	-4.1	-15	-5.3	-1.9

Source: Egyptian Ministry of Finance, State Budget, Administration Balance, various years.

III. Egyptian military spending in economic and regional contexts

Trends in Egypt's official military budget, 2010/11–2019/20

In nominal terms, there was a visible upward trend in Egypt's officially reported military spending in Egyptian pounds over the period 2010/11–2019/20 (see table 1).⁷ In 2019/20 Egypt's nominal military budget was 161 per cent higher than in 2010/11. Over the 10-year period, annual levels of nominal growth ranged between 0.3 and 27 per cent, with the largest increase occurring between financial years 2013/14 and 2014/15. The nominal growth in spending was probably mainly due to increased spending on salaries. Military salaries have reportedly increased several times since 2010.⁸ However, the overall nominal increases in military spending were cancelled out by high inflation rates—inflation fluctuated between 6.9 and 24 per cent between 2010/11 and 2019/20.⁹ Three consecutive years of real-terms growth from 2012/13 were followed by five consecutive years of real-terms decline from 2015/16 (see table 1). Thus, nine years of apparent growth in nominal terms from 2011/12 was in real terms an 18 per cent drop in spending by the end of the decade. The figures in US dollars nominal prices show a different trend due to the significant devaluation of the Egyptian pound (see figure 1). This currency devaluation made imported (military) goods and services more costly in US dollars.

The overall decline in real terms of the official military budget over the 2010s is puzzling, especially given Egypt's reported strengthening of its military efforts to combat terrorism, and its large-scale acquisitions of

⁷ Egyptian Ministry of Finance's electronic archive (note 6), State Budget, various years.

⁸ Al-Taher, I., [Learn about the salaries of Egyptian army officers ... what are they spending on], Arabi21, 7 Nov. 2016 (in Arabic); and Middle East Monitor, 'Sisi increases military pensions for the sixth time', 16 June 2017.

⁹ International Monetary Fund (IMF), 'Egypt: Inflation rate, average consumer prices', IMF DataMapper.

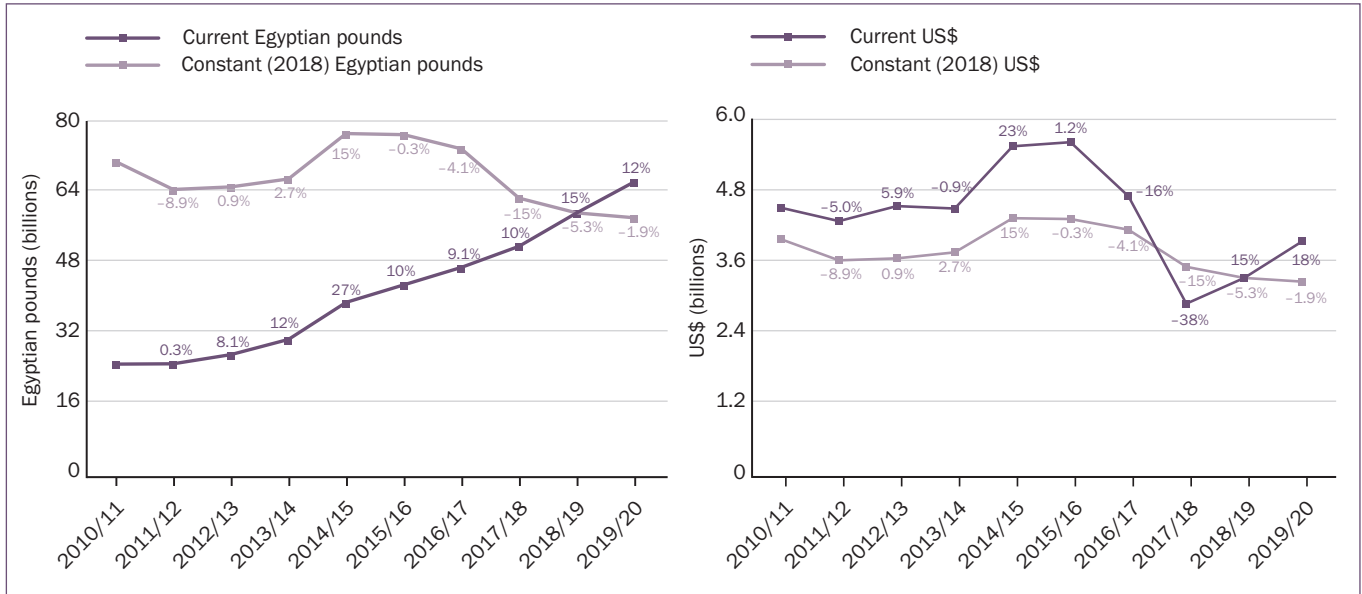


Figure 1. Egypt’s official budget for defence and national security, financial years 2010/11–2019/20

Notes: Egypt’s financial year runs from July to June.

Percentages indicate the change from the preceding financial year.

Source: Ministry of Finance State Budget, Administration Balance, various years.

military equipment (see section VI). The overall decrease in Egypt’s officially reported military budgets along with the growing military expenditure of other countries in the region resulted in Egypt appearing to become one of the smallest military spenders in MENA by 2019.

Egypt’s military spending against the regional backdrop

MENA is undergoing rapid militarization with nearly all MENA states directly or indirectly involved in regional conflicts while simultaneously accumulating major arms. In 2019 the combined military expenditure of MENA countries for which data is available totalled an estimated \$162 billion. Of this, Egyptian military spending accounted for 2.3 per cent of the total, ranking it ninth in the region. Amid long-standing conflicts and rivalries in the region, growing threat perceptions and terrorist activities, 12 of the region’s countries were known to have increased their military spending between 2010 and 2019, half of those by more than 30 per cent. However, according to official government data, Egypt’s military expenditure fell in real terms over the period.

In 2019 Egypt’s military burden—that is, military expenditure as a share of gross domestic product (GDP)—and the ratio of its military spending to government spending as a whole appeared to be the lowest of any state in the region (see table 2). In 2019 MENA had the highest military burden of any region in the world, with military spending of states in MENA averaging 4.4 per cent of GDP. Moreover, 7 of the 10 countries with the highest military burdens in the world in 2019 are located in MENA. In contrast, based on its official figures, Egypt apparently had the lowest military burden in the region, at 1.2 per cent of GDP (see figure 2). While all other countries in the region dedicated more than 7.0 per cent of their government spending to the military in 2019, Egypt’s official figures suggest that its military expenditure

Table 2. Key military spending statistics and military personnel numbers for countries in the Middle East and North Africa, 2019^a

Countries are ordered by size of military spending (in descending order). Spending figures are in millions (m.) of US dollars.

Country	Military spending, 2019 (current US\$, m.)	Military spending as a share of GDP (%)	Military spending as a share of government spending (%) ^b	No. of active military personnel
Saudi Arabia	61 867	8.0	20	227 000
Israel	20 465	5.3	13	170 000
Turkey	20 448	2.7	7.8	355 200
Iran	12 623	2.3	13	610 000
Algeria	10 304	6.0	16	130 000
Kuwait	7 710	5.6	11	17 500
Iraq	7 599	3.5	7.8	193 000
Oman	6 730	8.8	20	42 600
Egypt	3 744	1.2	4.2	439 000
Morocco	3 721	3.1	10	196 000
Lebanon	2 521	4.2	14	60 000
Jordan	2 032	4.7	15	101 000
Bahrain	1 405	3.7	12	8 200
Tunisia	1 001	2.6	7.9	35 800

GDP = gross domestic product.

^a For which data is available.

^b Figures for military spending as a share of government spending are for calendar years, except for Egypt, Iran and Kuwait where figures for financial years are used.

Sources: SIPRI Military Expenditure Database, Apr. 2020; and International Institute for Strategic Studies, *The Military Balance 2020* (Routledge: London, 2020).

as a percentage of government spending was the lowest in the region, at 4.2 per cent in 2019.

Thus, based on official national reporting, Egypt not only had the lowest military budget and burden in MENA in 2019 but was also one of only two countries in the region that did not increase official military spending between 2010 and 2019 (the other being Iran, which was under an arms embargo during the period). These figures are difficult to reconcile given that the number of Egyptian active and reserve military personnel is one of the highest in the region, and, like many MENA states, Egypt is involved in military operations and is engaged in major arms acquisitions that would arguably require a sustained high level of resources.¹⁰ This raises the question: are all of Egypt's military-related expenses reported in its official military spending? One part of the answer lies in an examination of the reported military spending figures.

IV. 'Defence and national security': Budget composition

The analysis of Egypt's military expenditure requires an examination of the composition and the structure of data reported in the official military

¹⁰ See e.g. Bisaccio, D., 'Egypt, Italy in talks on possible FREMM buy', *Defence and Security Monitor*, 5 Feb. 2020.



Figure 2. Military spending as a share of gross domestic product (GDP) for countries in the Middle East and North Africa, 2019

UAE = United Arab Emirates.

Source: SIPRI Military Expenditure Database, Apr. 2020.

budget. This analysis helps to identify what elements of military spending are disclosed in the official military budget. Egypt reports its military budget figures under the line item ‘defence and national security’. For this category two different but mutually supportive sets of data can be found: (a) by entity (e.g. the Ministry of Military Production), and (b) by component (e.g. wages and compensation of employees).

The first data set lists spending by entities under Egypt’s ‘defence and national security’ budget line (see table 3). It shows that the Egyptian Office of the Ministry of Defence accounts for 99.5 per cent of the total budget on ‘defence and national security’. Given their low percentage share of the total, the figures for other entities engaged in defence and national security seem to show administrative spending. The basis for this observation is strengthened by the second data set (see table 4), which shows that the budget component ‘wages and compensation of employees’ accounts for only 0.3 per cent of the total ‘defence and national security’ figures, clearly excluding wages of the armed forces. In addition, the component ‘purchase of goods and services’, which accounts for 0.1 per cent of the total, also seems to relate specifically to the costs of the administrative part of ‘defence and national security’ and appears to exclude procurement of goods and services for the armed forces. This observation seems reasonable given Egypt’s outstanding

Table 3. Egypt's official budget for defence and national security: Disaggregated data by entity, financial years 2015/16–2019/20

Spending figures are in millions (m.) of Egyptian pounds at current prices. Budget items are ordered by percentage share of total in 2019/20 (in ascending order).

Budget item (entity)	Spending, 2015/16	Spending, 2016/17	Spending, 2017/18	Spending, 2018/19	Spending, 2019/20	Share of total in 2019/20 (%)
Central sector of military training facilities, ammunition and missile tests ^a	9.3	9.7	11.5	12.9	14.2	0.02
General Secretariat of the National Security	..	2.5	13.8	21.8	17.1	0.03
General Secretariat of the National Defence Council	..	21.5	24.1	29.7	33.4	0.05
Training sector	75.6	82.6	92.2	98.0	104	0.16
Administration of the Ministry of Military Production	186	135	148	179	139	0.21
Office of the Ministry of Defence	42 918	46 869	51 569	59 022	66 035	99.54
Reported total	43 190	47 120	51 859	59 363	66 342	100

.. = data not available or not applicable.

Note: Egypt's financial year runs from July to June.

^a Prior to 2016: Central sector of military training facilities.

Source: Egyptian Ministry of Finance, State Budget, Administration Balance, various years.

arms procurement deals, spending on which should normally be part of the military budget. In turn, spending on wages of the armed forces and military goods and services should be part of the item 'Office of the Ministry of Defence' when reviewing the data set (a) and 'other expenses' in the data set (b).

The item 'Office of the Ministry of Defence' includes the budget of the armed forces. In addition, this item probably includes the budgets of Ministry of Defence services such as transport and medical services.¹¹ At least 60 per cent of the item is believed to be allocated to salaries and compensation (but it probably does not include military pensions).¹² This means that the remaining 40 per cent should theoretically include other military-related expenses such as spending on other recurrent costs (e.g. consumables), military infrastructure and facilities maintenance, equipment procurement—including arms imports and technical support—and military R&D.¹³ However, it is nearly impossible to identify what elements are funded through this remaining 40 per cent due to the lack of publicly available information on military-related issues in Egypt.

¹¹ Egyptian Ministry of Defence, [News of the Egyptian Armed Forces], 29 Dec. 2019 (in Arabic); and Sayigh, Y., Carnegie Middle East Center, *Owners of the Republic: An Anatomy of Egypt's Military Economy* (Carnegie Endowment for International Peace: Washington, DC, 2019), p. 92.

¹² Gaub, F. and Stanley-Lockman, Z., 'Defence industries in Arab states: Players and strategies', European Union Institute for Security Studies, Paper no. 141, Mar. 2017, p. 22; and Abo Alabass, B., 'Egypt military budget allocations to reach LE31 bn in 2013/14: Source', *Ahram Online*, 29 May 2013.

¹³ SIPRI Military Expenditure Database (note 3); and Sayigh (note 11), p. 300.



Table 4. Egypt's official budget for defence and national security: Disaggregated data by component, financial years 2015/16–2019/20

Spending figures are in millions (m.) of Egyptian pounds at current prices. Budget items are ordered by monetary value (in ascending order).

Budget item (component)	Spending, 2015/16	Spending, 2016/17	Spending, 2017/18	Spending, 2018/19	Spending, 2019/20
Acquisition of domestic and foreign assets	0	0	0	0	0
Benefits/interest	0	0	0	0	0
Domestic and foreign loan repayment	0	0	0	0	0
Grants and social benefits	0.2	0.2	1.0	1.0	1.0
Purchase of goods and services	62.7	73.4	72.2	76.3	55.8
Purchase of non-financial assets (investments)	103	48.2	61.1	84.6	95.0
Wages and compensation of employees	121	145	171	196	177
Other expenses	42 903	46 853	51 553	59 005	66 013
Reported total	43 190	47 120	51 859	59 363	66 342
Other expenses as a share of reported total spending (%)	99.3	99.4	99.4	99.4	99.5

Note: Egypt's financial year runs from July to June.

Source: Egyptian Ministry of Finance, State Budget, Administration Balance, various years.

V. Outside Egypt's military budget: Egypt's spending on paramilitary forces

In the case of Egypt, some expenditure outside the main Egyptian military budget has a direct bearing on Egypt's military expenditure, for example, spending on the CSF—Egypt's paramilitary forces. The structure and the reported role of some of the units of the CSF provide evidence that some of the costs of Egypt's paramilitary forces should be counted as Egyptian military expenditure. While it is important to provide an estimate of the CSF budget, it is necessary to note that the overall budget of the CSF should not be counted towards military spending, as most of its duties still relate to public order.

The Central Security Forces

The CSF is an internal security force categorized by the Egyptian Government as paramilitary troops.¹⁴ It is under the authority of the Ministry of Interior and consists of a total of 325 000 personnel, including conscripts. The CSF's paramilitary role is illustrated by the dual military and public order nature of its structure, tasks and duties.¹⁵ Some CSF units are equipped with batons and shields, while other units are armed with assault rifles and trained to operate armoured vehicles of various types, suited to both police

¹⁴ Cairo Governorate, [The security apparatus (establishment)], [n.d.] (in Arabic).

¹⁵ Cairo Governorate (note 14); and Fathy Abdel Aal, M., [Central Security Soldiers: A helmet, shield and free death (an investigation)], *Al-Masry Al-Youm*, 17 Jan. 2013 (in Arabic).

Table 5. Estimated spending on Egyptian Central Security Forces, financial years 2015/16–2019/20

Spending figures are in billions (b.) of Egyptian pounds, at current prices. The CSF's budget figures are SIPRI estimates.

	Spending, 2015/16	Spending, 2016/17	Spending, 2017/18	Spending, 2018/19	Spending, 2019/20
Total budget of security and police department	22.4	24.3	26.1	30.0	32.3
Wages and compensation of employees	20.3	22.1	23.3	26.3	28.2
Wages and compensation of employees as a share of total (%)	91	91	89	88	87
Estimated budget for the CSF	10.2	11.0	11.7	13.2	14.1

CSF = Central Security Forces.

Source: Egyptian Ministry of Finance, State Budget, Administration Balance, various years.

and military missions.¹⁶ The CSF is reportedly trained to maintain public order and to assure its readiness ‘to face emergency events that attempt to disrupt the security and stability of the homeland’.¹⁷ In addition, the Ministry of Interior has praised the role of the CSF in the north of the Sinai peninsula, pointing to the existence of a special training system for some units.¹⁸

The main non-military mission of the CSF includes providing assistance to law enforcement services in maintaining public security and crowd and riot control.¹⁹ Paramilitary tasks of the CSF include guarding and securing key infrastructure facilities in coordination with the Egyptian armed forces.²⁰ In addition, the CSF has been assigned to provide assistance to the Egyptian armed forces in domestic military operations in the Sinai peninsula (see below).

Until 2014 the CSF was generally considered to be a poorly trained force of anti-riot troops tasked with helping the government and the armed forces to deal with growing unrest and public disorder. However, even before 2014, the CSF had been involved in small domestic counterterrorism campaigns against Islamist insurgents.²¹ Since 2014 the role of at least some units of the CSF seems to have evolved. Counterterrorism campaigns have become more intensive and have often turned into large-scale domestic military operations involving the armed forces.²² According to the Ministry of Interior, the

¹⁶ International Institute for Strategic Studies, ‘Middle East and North Africa’, *The Military Balance 2020* (Routledge: London, 2020), p. 338; and Egyptian Ministry of Interior, [Preparations of the Central Security Forces to secure the celebrations of the Egyptian New Year and Christmas], YouTube, 27 Dec. 2017 (in Arabic).

¹⁷ Omran, A., [Photos: The fourth stage of the Central Security Forces training plan has finished], Al-Ahram Gate, 8 Nov. 2016 (in Arabic).

¹⁸ Abdel Radi, M., [The Egyptian Minister of Interior honours the heroes of the Central Security Forces], *Yom7*, 31 Aug. 2018 (in Arabic).

¹⁹ Cairo Governorate (note 14).

²⁰ State Information Service, ‘10000 police troops, 230 combat squads to secure new Suez Canal inauguration’, 4 Aug. 2015; Mada Masr, ‘Security forces train to protect polling stations’, 10 Jan. 2014; Egyptian Ministry of Defence, [The Armed Forces and the Ministry of Interior increase security patrols to secure the celebration of the New Year], 29 Dec. 2017 (in Arabic); Australian Government, Department of Foreign Affairs and Trade (DFAT), *DFAT Country Information Report: Egypt* (DFAT: Canberra, 17 June 2019), p. 40; and US Department of State, ‘2016 country reports on human rights practices: Egypt’, 3 Mar. 2017, Section 1(d).

²¹ WikiLeaks, ‘Re: Discussion: Security forces’, 10 Oct. 2012.

²² Springborg, R. and Williams, F. C. P., ‘The Egyptian military: A slumbering giant awakes’, Carnegie Middle East Center, 28 Feb. 2019.



Ministry of Defence and numerous local media outlets, several units of the CSF have participated in large-scale military operations inside Egypt.²³ The CSF has supported the Egyptian armed forces in domestic military operations against armed groups affiliated to the Islamic State, which are perceived by Egypt to be state-based adversaries undermining national security.²⁴ In particular, several units of the CSF have reportedly participated in major military operations in the Sinai peninsula, acting jointly with the Egyptian armed forces and other national and territorial bodies.²⁵ More specifically, ‘Operation Martyr’s Right’ and ‘Sinai 2018’, two ‘comprehensive’ military operations launched against the Islamic State-affiliated armed groups in northern and central Sinai in 2015 and 2018, respectively, have reportedly involved all components of the Egyptian armed forces, as well as the CSF.²⁶

Spending on the paramilitary forces

Taking into account the reported structure, recent tasks and activities of the CSF, SIPRI could include spending on the CSF in Egypt’s total military spending. However, this would only apply to the units involved in military activities in the Sinai peninsula. In the Egyptian context, ‘military activities’ refer to domestic military operations aimed at protecting the state against the use of violent means by organized non-state groups within the country, in order to secure territorial integrity. Given the lack of transparency in spending, it is only possible to make a rough estimate of Egypt’s spending on all the units of the CSF. An estimate, based on an analysis of the available information from the state budget, is set out below and in table 5. However, this estimate clearly overstates expenditure on the Egyptian paramilitary. A more accurate evaluation would require further disaggregation to indicate what share of CSF resources is allocated to its military-related activities. This additional step, which would help to provide a more reliable estimate, cannot be undertaken at this stage because of the lack of necessary information.

As the CSF is under the authority of the Ministry of Interior, the CSF budget is probably part of the ‘security and police department’ budget item listed under the ‘public order and public safety affairs’ category in the state budget. Considering that almost 90 per cent of the ‘security and police department’ budget is allocated to staff salaries (‘wages and compensation of employees’) and that the CSF is almost equal in size to the estimated size of the Egyptian

²³ Egyptian Ministry of Defence, [Results of the 13-day comprehensive operation ‘The right of the martyr’], YouTube, 19 Sep. 2015 (in Arabic); Abdel Radi (note 18); and Ahram Online, ‘Egyptian ministers visit troops in restive North Sinai’, 15 Feb. 2015.

²⁴ International Institute for Strategic Studies (IISS), *Armed Conflict Survey 2019* (Routledge: Abingdon, 2019); Kistemaker, B., ‘Resilient Sinai insurgency and worsening socio-economic conditions likely to result in deteriorating security in Egypt’, *Jane’s Terrorism and Insurgency Monitor*, 27 May 2020; and State Information Service, ‘Sisi urges Armed Forces to remain ready for protecting national security’, 19 May 2020.

²⁵ Abdel Radi (note 18); International Institute for Strategic Studies (note 24); Akhbarelyom, [The comprehensive operation imposed the sovereignty of the state on every inch, according to the Commander of counterterrorism forces of the East], 29 Jan. 2019 (in Arabic); and Mada Masr, ‘3 CSF troops killed, 8 wounded in Sheikh Zuwayed’, 16 Apr. 2016.

²⁶ Egyptian Armed Forces, ‘Official statement no. 2 by the military spokesman for the armed forces’, Facebook, 9 Feb. 2018; Mada Masr, [The 2018 Sinai Campaign: What we know so far], 9 Feb. 2018 (in Arabic); International Institute for Strategic Studies (note 24); and Yasser, M. A., [Sinai: The army continues the Martyr’s right operation to eradicate terrorism], *Al Arabiya*, 15 Sep. 2015 (in Arabic).



National Police—which is thought to comprise 350 000 personnel—it may be assumed that around half of the allocation for ‘wages and compensation of employees’ is used to fund the CSF (see table 5).²⁷

In financial year 2019/20 Egypt allocated 32.3 billion Egyptian pounds (\$1.9 billion) to its ‘security and police department’, 87 per cent of which—28.2 billion (\$1.7 billion)—accounted for ‘wages and compensation of employees’. Calculated on the assumption of equal expenditure by the CSF and the Egyptian National Police, the approximate budget of the CSF in 2019/20 would be about 14 billion Egyptian pounds (\$833 million) in current prices (see table 5). Due to the significant lack of transparency around paramilitary institutions in Egypt, it is currently impossible to estimate the proportion of the costs allocated to units of the CSF taking part in domestic military operations in the Sinai peninsula.

VI. Spending on arms procurement

Where possible, SIPRI military expenditure data includes spending on arms procurement (both from domestic procurement and arms imports). Since many Egyptian arms-producing companies lack the technological know-how to produce advanced weapons, Egypt relies heavily on arms imports. Over the past decade (2010–19) Egypt has heavily invested in the arsenals of its armed forces. Between 2015 and 2019 Egypt became the third-largest arms importer in the world and the second-largest in MENA, behind Saudi Arabia, whose military spending is apparently 17 times higher than Egypt’s, and ahead of Algeria, whose military spending is seemingly three times higher than Egypt’s.²⁸ Previous research has shown that the relationship between a state’s arms procurement and its military budget is not always straightforward: the volume of arms procurement does not always have an impact on the size of the military budget.²⁹ However, Egypt’s arms acquisitions over time should still be analysed to provide insight into the volume of arms ordered and transferred to Egypt as compared with its military spending over the past two decades.³⁰

Egypt’s arms procurement expanded significantly after al-Sisi became president in 2014

²⁷ For further detail on the estimated number of personnel in the Egyptian National Police see WikiLeaks (note 21).

²⁸ SIPRI Military Expenditure Database. Although the volume of arms imports is measured in SIPRI trend-indicator values (TIVs), which are not to be compared with financial values, this section shows that the weapon systems bought by Egypt were increasingly advanced and therefore costly to acquire. For further detail on TIVs see SIPRI Arms Transfers Database, ‘Sources and methods’, [n.d.].

²⁹ See e.g. Pamp, O. and Thurner, P. W., ‘Trading arms and the demand for military expenditures: Empirical explorations using new SIPRI data’, *Defence and Peace Economics*, vol. 28, no. 4 (Jan. 2017).

³⁰ Data on arms procurement is taken from the SIPRI Arms Transfers Database, <<https://www.sipri.org/databases/armstransfers>>. Data is based on the SIPRI Trade Registers—written outputs that contain information on deals between specific arms suppliers and recipients over a particular time period. Weapon systems and significant components for, and licensed production of, major conventional weapon systems are presented in a separate ‘order’ entry in the database. For further detail see SIPRI Arms Transfers Database (note 28).



Egypt's arms acquisitions

Due to the lack of transparency in Egypt's arms procurement process, it is not feasible to assess the actual amount of money spent on arms procurement by Egypt in a given year. However, it is possible to provide indicators showing that Egypt's official military budgets do not seem to reflect the level of resources required to fund its major arms procurement deals. Egypt's arms procurement deals over the past two decades (2000–2009 and 2010–19) are assessed below.

In 2000–2009 Egypt's major arms supplier was the USA, accounting for 75 per cent of Egypt's total arms imports.³¹ Arms deals with the USA are primarily funded through the significant military aid that Egypt receives each year for arms procurement from the USA—about \$1.3 billion. This military aid is probably not included in Egypt's 'defence and national security' budget.³² Leaving aside contracts agreed with the USA, Egypt signed an estimated 23 orders for arms and military components from 8 different arms suppliers between 2000 and 2009 (see annex 1). Almost all of these deals were completed by 2010. Egypt continued to procure major arms from the USA in the following decade. However, arms imports from the USA accounted for only 23 per cent of Egypt's total arms imports in 2010–19. Excluding US arms deals paid for by the USA through military aid, Egypt agreed 75 deals with 15 different suppliers in 2010–19 (see annex 2). Of these 75 deals, 67 resulted in deliveries during the period. A total of 54 out of 75 were fully implemented by 2019—two times more than were implemented in 2000–2009.

Egypt's arms procurement expanded significantly after al-Sisi became president in 2014: Egypt placed at least 54 orders for procurement of major arms in 2014–19 (see annex 2). Over this period, Egypt strengthened its arms trade relations with Germany and Russia and developed its arms trade relations with China, France and Italy. Notably, France, which completed only one deal with Egypt in 2000–2009 (for 16 Super-530D missiles), has emerged as one of the largest arms suppliers to Egypt, alongside Russia.

Egypt received numerous advanced major weapon systems in 2014–19. These included 24 Rafale combat aircraft with 500 air-to-surface missiles, and a FREMM frigate with 15 anti-ship missiles from France; and 3 S-300VM air defence systems with 190 surface-to-air missiles, and 39 MiG-29 combat aircraft with 225 air-to-air missiles from Russia (see annex 2).

Egypt's comparatively high level of arms procurement continued into 2019–20: it signed new major arms deals for Su-35 combat aircraft from Russia, MEKO-A200 frigates from Germany, and FREMM frigates and AW-149 and AW-189 helicopters from Italy; and planned to procure other major arms from Italy (see table 6).³³ The estimated cost of these deals totals \$16 billion. Assuming that half of the amount could be paid for using foreign financing loans on a multi-year repayment term (as was reportedly the case for the above-mentioned Rafale deal), Egypt would still need to pay the

³¹ SIPRI Arms Transfers Database.

³² Sharp, J., *Egypt: Background and US Relations*, Congressional Research Service (CRS) Report for Congress RL33003 (US Congress, CRS: Washington, DC, 27 May 2020). SIPRI includes military aid in the military expenditure of the donor country.

³³ Bisaccio (note 10).

Table 6. Estimated costs of selected Egyptian arms procurement deals, 2019–20

Estimated costs are in billions (b.) of US dollars.

Order year	Supplier	Units ordered	Designation	Weapon category	Description	Estimated cost (US\$, b.) ^a	Comment
2019	Germany	4	MEKO-A200	SH	Frigate	2.6	The sale was made with an export credit guarantee to secure the financial aspect of the agreement; Egypt has also placed an order for VL-MICA SAMs for the frigates
(2019)	Russia	(24)	Su-35	AC	FGA aircraft	2.0	Delivery planned for 2020–23
2019	Italy	32	AW-149	AC	Helicopter	1.0	The order includes 24 AW-149 and 8 AW-189 versions
2020	Italy	(2)	FREMM	SH	Frigate	10.0	At least one deal is reported to be partly funded through an export financing loan from an Italian investment bank; the proposed deal also includes an order for a military satellite
2020; planned	Italy	20	..	MI	Missile launcher		
2020; planned	Italy	24	Typhoon-20	AC	FGA aircraft		
2020; planned	Italy	24	M-346	AC	Trainer aircraft		

.. = not available or not applicable; () = uncertain estimate; AC = aircraft; FGA = fighter/ground attack; MI = missiles; SAM = surface-to-air missile; SH = ship.

Note: The orders from Italy for 2020 (including planned orders) are grouped together in this table and the estimated total is shown.

^a Based on available information (see sources) on the total value of the deals.

Sources: MEKO-A200 (Germany): Cabirol, M., 'L'Allemagne approuve la vente de six frégates Meko A200 vers l'Egypte' [Germany approves the sale of six Meko A200 frigates to Egypt], *La Tribune*, 4 Apr. 2019; and Bisaccio, D., 'Gunboats and diplomacy', *Defence and Security Monitor*, 5 Mar. 2020. Su-35 (Russia): TASS, 'Russia launches production of Su-35 fighter jets for Egypt: Source', 16 May 2020. AW-149/AW-189 (Italy): Italian Senate of the Republic, 'National report on operations authorized and carried out concerning the control of export, import and transit of weapons matériel as well as the export and transit of high-technology products', 2019. FREMM, Typhoon-20 etc. (Italy): Michaelson, R. and Tondo, L., 'Family of Giulio Regeni "betrayed" by Italian PM over arms sale to Egypt', *The Guardian*, 16 June 2020.

remainder—at least \$8 billion—over the short to medium term. Examples of Egypt's previous arms deals show that deliveries of arms take about five years from the year of signing a contract. Thus, if the payment of the deals signed or planned by Egypt in 2019–20 (excluding any long-term loan repayments) were spread over five years, it would mean that, in theory, Egypt should pay off at least \$1.6 billion per year—equivalent to about 40 per cent of its average annual military budget. However, an allocation of that size would be difficult to reconcile with the figures reported in Egypt's official military budget. By way of comparison, NATO member states are struggling to meet the guideline to dedicate 20 per cent of their military spending to procurement and R&D.³⁴ In addition, if wages account for 60 per cent of the official budget, as mentioned above, and there is an allocation to operations and maintenance, this leaves less than 40 per cent for arms purchases.

Even assuming that the implementation of arms deals with foreign suppliers could take longer than five years and could include long-term financing arrangements, given the rise in the number of major arms—many of which were advanced weapon systems—procured by Egypt in 2010–19,

³⁴ Tian, N., Lopes da Silva, D. and Wezeman, P., 'Spending on military equipment by European members of the North Atlantic Treaty Organization', *SIPRI Yearbook 2020: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2020), pp. 254–72.



a concurrent increase in Egypt's official budget figures would be expected. Moreover, the operation of new types of advanced weapons entails additional costs for maintenance of military equipment and training of military personnel. Nevertheless, despite Egypt's acquisition of a significantly higher volume of arms in 2010–19 compared with 2000–2009, its reported total military budget for 2010–19 was much lower than for the previous decade—by about \$5 billion in constant 2018 dollars. Based on the official data, Egypt's average military spending in 2010–19 was about \$3.8 billion per year compared with \$4.3 billion in 2000–2009. Egypt's official military budget figures also followed a downward trend from financial year 2015/16, in real terms. In addition, given that spending on salaries is the largest part of the budget and spending on this item has reportedly increased, it is not feasible to assume that expenses on arms imports over the past decade were offset with cuts in spending on wages or other items of the military budget.

The factors discussed above serve as indicators that funding for Egypt's arms procurement may be drawn from outside the regular military budget. Presumably, arms procurement may be partly financed through (a) budget lines related to foreign loan repayments in the main budget, (b) foreign assistance and military aid, and (c) off-budget revenue or income flowing to the military from its economic activities.³⁵ For example, there are claims that some Gulf states may have funded a number of Egyptian arms procurement deals with France, Germany and Russia, including the acquisition from France of Mistral amphibious assault ships.³⁶ This foreign funding may explain Egypt's high level of imports relative to a comparatively low official military budget, although it would not affect SIPRI's estimate of Egypt's total military spending because SIPRI includes military aid in the military expenditure of the donor country, not the recipient. There have also been suggestions in local media reports about a possible connection between the Egyptian military's economic activities and arms procurement. According to a statement accredited to President al-Sisi by a local media outlet, 'the armed forces purchases weapons and equipment from their own budget reserves'.³⁷ However, there are no reliable indicators or evidence that this is the case.

VII. Beyond the budget: The Egyptian armed forces' economic activities

Where possible, SIPRI includes off-budget military spending—allocations of funds for military purposes outside the regular state budget—as part of

³⁵ On Egypt's foreign loan repayments see Egyptian Ministry of Finance (MOF), *General Framework of the Draft State Budget for Fiscal Year 2019/2020* (MOF: Cairo, 2019), p. 33. On off-budget income see Sayigh (note 11), pp. 89–90, 303–307; Sayigh, Y., 'Egypt's military now controls much of its economy: Is this wise?', Q&A, Carnegie Middle East Center, 25 Nov. 2019; and Reuters, 'From war room to boardroom. Military firms flourish in Sisi's Egypt', 16 May 2018.

³⁶ *Al-Masry Al-Youm*, 'KSA, UAE to finance Russian arms deal with Egypt', Egypt Independent, 7 Feb. 2014 (edited translation); Eleiba, A., 'Sea power: The significance of Egypt's Mistral deal', *Ahram Online*, 4 Oct. 2015; Murphy, M., 'Thyssen-Krupp soll Fregatten für Ägypten bauen' [Thyssen-Krupp to build frigates for Egypt], *Handelsblatt*, 7 Nov. 2011; and Cabirol, M., 'L'Arabie Saoudite bloque le contrat des corvettes Meko A200 en Egypte' [Saudi Arabia blocks the contract for Meko A200 corvettes for Egypt], *La Tribune*, 5 Nov. 2018.

³⁷ Hamama, M., 'Sisi says military economy is 1.5% of Egypt's GDP, but how accurate is this?', *Mada Masr*, 2 Nov. 2016.



overall military expenditure. When such information is not available, SIPRI includes off-budget military revenues or income in its estimate. This can include revenues from military-run business activities or natural resource funds used to finance military functions.³⁸ For example, Chile is known to have allocated some portion of sales from copper exports to fund arms acquisitions.³⁹ However, such funding is very difficult to measure. In the specific case of Egypt, the military controls an abundance of enterprises, whose economic activity accounts for the equivalent of, according to President al-Sisi, 1.5–2.0 per cent of Egypt's GDP.⁴⁰

The Egyptian military manages large infrastructure projects and runs business enterprises in different sectors of the Egyptian economy, ranging from agriculture and mining to industry and healthcare. The military's economic activities are typically run through its economic agencies, such as the National Service Products Organization and the Armed Forces Engineering Authority, affiliated with the Ministry of Defence.⁴¹ These enterprises probably have large turnovers and, presumably, profits.⁴²

Although little information is available on the size of the revenues and profits of these economic activities, it has been suggested that some shares of the profits from some military enterprises may be allocated to employees—including military personnel that are involved in running these businesses on behalf of the Ministry of Defence—in the form of benefits.⁴³

In addition, the revenues from some military economic activities are believed by regional specialists to accrue to special discretionary funds held by the armed forces (and by military agencies that are under the control of the Ministry of Defence) that are not part of the regular budget.⁴⁴ The financial allocations in these special funds, in turn, may be spent on various 'projects, services and salaries'.⁴⁵ If the funds were to be used for military-related purposes and the spending was conducted outside the state budget, then the funds should be included in Egypt's total military expenditure as off-budget military spending. However, given the lack of open sources providing financial information on all the economic activities of the Egyptian armed forces, there is insufficient publicly available data to make an independent assessment as to the value of the funds or their use.

In-depth exploration of the official military budget figures for Egypt highlights gaps in the data reported by the Egyptian Government

³⁸ Perlo-Freeman, S., 'Transparency and accountability in military spending', SIPRI Backgrounder, 3 Aug. 2016.

³⁹ Tian, N. and Lopes da Silva, D., 'Improving South American military expenditure data', SIPRI Commentary, 4 Sep. 2017.

⁴⁰ Reuters, 'Egypt's Sisi says military accounts for 1.5–2 percent of economy', 24 Dec. 2016.

⁴¹ Transparency International, *The Officer's Republic: The Egyptian Military and Abuse of Power* (Transparency International: London, Mar. 2018), pp. 8–10.

⁴² Abul-Magd, Z., 'Egypt's adaptable officers: Business, nationalism, and discontent', eds Z. Abul-Magd and E. Grawert, *Businessmen in Arms: How the Military and Other Armed Groups Profit in the MENA Region* (Rowman and Littlefield: Lanham, MD, 2016).

⁴³ Sayigh (note 35).

⁴⁴ Hanna, R., Interview with Nizar Manek and Jeremy Hodge on Egypt's slush funds, Carnegie Endowment for International Peace, 9 July 2015; Marroushi, N., 'Push for corruption-friendly private funds to be included in national budget', *Egypt Independent*, 28 Apr. 2012; and Sayigh (note 11), pp. 90, 306–07.

⁴⁵ Daily News Egypt, 'Government special funds better stay off-budget: Finance Ministry', 2 May 2020.



VIII. Conclusions

Given intensified regional tensions and threat perceptions in MENA, a better understanding of the resources dedicated to military purposes in the region is essential. This paper aims to contribute to this by reviewing official military expenditure data in Egypt. Having one of the biggest armed forces in the region, Egypt has recently been pursuing an active foreign policy to deal with domestic and regional issues while undergoing significant capacity upgrades.

In-depth exploration of the official military budget figures for Egypt highlights gaps and shortcomings in the data reported by the Egyptian Government. In particular, it shows that despite the availability and accessibility of data and the existence of disaggregated figures in the official budget, the reported information still does not appear to be fully comprehensive and transparent. While it is clear that some elements of military spending are covered in the official military budget (i.e. salaries and wages, administrative costs etc.), costs of other elements of military spending do not seem to be entirely reflected in the official military budget. This appears to be the case for Egypt's arms procurement spending.

The majority of global arms procurement deals are financed by purchasing governments through defence budget allocations. In the case of Egypt, despite the significant rise in the number and monetary value of arms deals with foreign suppliers in 2010–19, Egypt's average official military spending seemingly showed a decrease in real terms compared with the decade 2000–2009. Given the lack of transparency in Egypt's military budgeting and its arms procurement, it is difficult to identify the actual sources of funding for its arms deals.

An additional military spending category has also been identified: Egypt's paramilitary forces—some units of which have in recent years contributed to domestic military operations. Although the Egyptian paramilitary forces seem to have less training and equipment than their Western counterparts, their recent activities are comparable to the duties of other paramilitary organizations. Spending on all paramilitary forces—including both units responsible for public order and units involved in domestic military operations—is estimated at about 14 billion Egyptian pounds (\$833 million) in financial year 2019/20. However, it is impossible to disaggregate and determine the exact number of units involved in domestic counterterrorism operations. Therefore, currently it is not feasible to provide an estimate of the financial resources that could be added to Egypt's military spending total.

In the specific case of Egypt, it is essential to take into account the domestic context, in particular the role of Egypt's military in the economy and its impact on and control of the political and economic systems. There are significant information gaps regarding the amount of revenue (and income) generated by military-owned businesses and, therefore, it is unclear whether these revenue streams have a direct bearing on Egypt's military expenditure. This, in turn, leads to significant obstacles in determining the real scale of resources absorbed by the military and raises questions about the use of these resources. These obstacles can be overcome only through promoting transparency in military budgeting in Egypt. This background paper hopes to serve as a step in this direction.

Annex 1. Egyptian arms deals: Orders and deliveries, 2000–2009^a

Order year ^b	Supplier	Units ordered	Designation	Weapon category	Description	No. delivered	Delivery years	Delivery completion year	Comment ^c
2000	Germany	74	G-115	AC	Trainer aircraft	(74)	2000–2002	2002	G-115EG version
(2000)	Germany	60	Terrier LAU	AV	APV	(60)	2002–13	2013	Produced under licence in Egypt as Kader-120
2001	Austria	(4)	Camcopter S-100	AC	UAV	(4)	2002	2002	
2001	Austria	108	M-60A1 Patton-2	AV	Tank	108	2002	2002	US\$27 m. deal; second-hand
2002	Germany	5	Combattante-2	SH	FAC	5	2002–2003	2003	€18 m. (US\$17 m.) deal; second-hand; Type-148 (Tiger) version
2002	Germany	1	Lueneburg	SH	Support ship	1	2003	2003	Second-hand
2002	Germany	1	Westerwald	SH	Support ship	1	2003	2003	Second-hand
2004	China	40	K-8 Karakorum-8	AC	Trainer/ combat aircraft	(40)	2007–10	2010	K-8E version; assembled from kits in Egypt
2004	Netherlands	(237)	AIFV	AV	IFV	(237)	2006–2008	2008	Second-hand; YPR-765-PRI version
(2004)	Netherlands	48	MO-120-RT 120mm	AR	Mortar	48	2006	2006	Second-hand; for use with YPR-765 PRMR (AIFV) mortar tractors
2004	Netherlands	(105)	AIFV-APC	AV	APC	(105)	2006–2007	2007	Second-hand; YPR-765 version; includes 48 of the YPR-765-PRMR mortar tractor version
2004	Netherlands	(90)	AIFV-TOW	AV	Tank destroyer	90	2007	2007	Second-hand; YPR-765-PRV version
2004	Ukraine	3	An-74	AC	Transport aircraft	3	2005–10	2010	US\$34 m. deal; An-74TK-200A version; includes version for VIP transport
(2005)	Montenegro	5	Project-205/Osa	SH	FAC	(5)	2007	2007	Second-hand
(2005)	Montenegro	(70)	P-15M/SS-N-2C	MI	Anti-ship missile	(70)	2006–2007	2007	Second-hand; P-20 (SS-C-3) version for coast defence systems and for Project-205/Osa-1 FACs
(2005)	Montenegro	(7)	Rubzh/SS-C-3	GR	Coast defence system	(7)	2006–2007	2007	Second-hand
(2005)	Russia	4	Tor-MI/SA-15	AD	Mobile SAM system	(4)	2005	2005	



(2005)	Russia	100	9M338/SA-15	MI	SAM	(100)	2005	2005	For Tor-M1 SAM system
2006	Finland	4	Project-205/Osa	SH	FAC	4	2006	2006	Second-hand; Osa-2 version; Finnish designation Tuima; possibly for spare parts only
(2006)	Netherlands	(555)	BGM-71 TOW	MI	Anti-tank missile	(555)	2007	2007	Second-hand; for use with YPR-765 PRMR (AIFV) mortar tractors
(2006)	Russia	(1)	9K37 Buk-1M/SA-11	AD	SAM system	(1)	2007	2007	
(2006)	Russia	(100)	9M317/SA-17 Grizzly	MI	SAM	(100)	2007	2007	For use with Buk-1M/SA-11 SAM system
(2007)	Russia	(600)	Igla-S/SA-24	MI	Portable SAM	(600)	2009-10	2010	For modernization of ZSU-23 SPAAG to ZSU-23-4M4

() = uncertain estimate; AC = aircraft; AD = air defence systems; AIFV = armoured infantry fighting vehicle; APC = armoured personnel carrier; APV = armoured patrol vehicle; AR = artillery; AV = armoured vehicles; FAC = fast attack craft; GR = sensors; IFV = infantry fighting vehicle; m. = millions; MI = missiles; SAM = surface-to-air missile; SH = ships; UAV = unmanned aerial vehicle; VIP = very important person.

^a Excluding deals with the USA.

^b Year of order or year licence was issued in the case of licensed production.

^c Other available information about the deal. This can include the financial value of the deal in current prices; the reported/presumed purpose of the arms; whether the arms are being donated as military aid; whether the arms are second-hand; whether the arms are being assembled domestically; and any information on linked offsets.

Source: SIPRI Arms Transfers Database, Mar. 2020.

Annex 2. Egyptian arms deals: Orders and deliveries, 2010–19^a

Order year ^b	Supplier	Units ordered	Designation	Weapon category	Description	No. delivered	Delivery years	Delivery completion year	Comment ^c
(2010)	China	18	ASN-209	AC	UAV	(18)	2012–14	2014	Produced under licence
(2010)	France	1	MRR-3D	GR	Air search radar	1	2015	2015	For 1 Ambassador-4 corvette from USA
(2010)	Germany	4	MTU-595	EN	Diesel engine	4	2015	2015	For 1 Ambassador-4 corvette from USA
(2010)	Netherlands	1	Scout	GR	Sea search radar	1	2015	2015	For 1 Ambassador-4 corvette from USA
(2010)	Netherlands	1	STING	GR	Fire control radar	1	2015	2015	For 1 Ambassador-4 corvette from USA
2010	Spain	3	C-295	AC	Transport aircraft	3	2011	2011	Possibly includes 1 for government VIP transport
2010	Canada	(6)	PW100	EN	Turboprop/turboshaft	(6)	2011	2011	PW127 version for 3 C-295 transport aircraft from Spain
(2011)	Canada	(10)	Gurkha	AV	APV	(10)	2012	2012	For police
2011	France	(18)	Sherpa	AV	APV	(18)	2012	2012	US\$38 m. deal; for SAR use; from US production line
2011	Italy	2	AW-139	AC	Helicopter	2	2012	2012	For 1 Ambassador-4 corvette from USA; bought via USA
2011	Italy	1	Super Rapid 76mm	NW	Naval gun	1	2015	2015	Delivery of 3 more probably stopped after 2013 coup
2011	Turkey	3	M RTP-20	SH	Patrol craft	(3)	2011–12	2012	For CSF
2012	France	(173)	Sherpa	AV	APV	173	2013–14	2014	
(2012)	Germany	2	Type-209/1400	SH	Submarine	2	2016–17	2017	
(2012)	Russia	(1)	Buk-M2/SA-17	AD	SAM system	(1)	2014	2014	Possibly Egyptian Buk-M1-2/SA-11 SAM system rebuilt to Buk-M2
(2012)	South Africa	(14)	Mamba	AV	APC	(14)	2014	2014	
2012	Spain	3	C-295	AC	Transport aircraft	3	2013	2013	A national report published by Spain for 2013 lists delivery of transport aircraft for €123 m. (US\$158 m.)
2012	Canada	(6)	PW100	EN	Turboprop/turboshaft	(6)	2013	2013	PW127 version for 3 C-295 transport aircraft from Spain
2013	Spain	6	C-295	AC	Transport aircraft	6	2013–14	2014	



Year	Country	Quantity	Model	Category	Value	Period	Notes
2013	Canada	(12)	PW100	EN	Turboprop/turboshaft	2013-14	PW127 version for 3 C-295 transport aircraft from Spain
(2013)	UAE	(2 500)	Panthera T6	AV	APV	2014-19	Includes assembly/production in Egypt; includes some for police
(2014)	Bulgaria	(2)	MT-LB	AV	APC	2014	Possibly second-hand
2014	France	4	Gowind-2500	SH	Frigate	2017	€1 b. (US\$1.3 b.) deal including option on 2 more; includes 3 produced in Egypt
(2014)	France	(50)	MM-40-3 Exocet	MI	Anti-ship missile/SSM	2017	For Gowind frigates
2015	France	(100)	MICA	MI	BVRAAM	2017	For Gowind frigates
2014	Italy	4	Super Rapid 76mm	NW	Naval gun	2017	For 4 Gowind frigates from France
(2014)	Netherlands	4	SMART	GR	Air search radar	2017	SMART-S Mk-2 version; for Gowind frigates from France
(2014)	Netherlands	4	STING	GR	Fire control radar	2017	For 4 Gowind frigates from France
(2014)	Germany	2	Type-209/1400	SH	Submarine	2019	Delivery planned by 2021
(2015)	Germany	(125)	(SUT)	MI	AS/ASW torpedo	2016-19	Designation uncertain (reported as 'torpedo'); for Type-209 submarines
2014	Spain	8	C-295	AC	Transport aircraft	2015-16	
2014	Canada	(16)	PW100	EN	Turboprop/turboshaft	2015-16	PW127 version for 3 C-295 transport aircraft from Spain
2014	UAE	12	AT-802U	AC	Ground attack aircraft	2015-16	Aid for use against rebels in the Sinai peninsula; second-hand
2015	France	1	FREMM	SH	Frigate	2015	
2015	France	(25)	ASTER-15 SAAM	MI	SAM	2015	For FREMM frigate
2015	France	(15)	MM-40-3 Exocet	MI	Anti-ship missile/SSM	2015	For FREMM frigate
2015	Germany	4	MTU-4000	EN	Diesel engine	2015	For FREMM frigate from France
2015	Italy	1	Super Rapid 76mm	NW	Naval gun	2015	For FREMM frigate from France
2015	France	2	Mistral	SH	AALS	2016	€950 m. (US\$1 b.) deal; originally produced for Russia but cancelled in 2015 after EU sanctions on Russia and sold to Egypt; Egyptian designation Nasser

Order year ^b	Supplier	Units ordered	Designation	Weapon category	Description	No. delivered	Delivery years	Delivery completion year	Comment ^c
2015	France	2	EDAR	SH	Landing craft	2	2016	2016	For use with Mistral AALs
2015	Finland	6	W-16	EN	Diesel engine	6	2016	2016	For 2 Mistral AALs from France
2015	Finland	2	W-18	EN	Diesel engine	2	2016	2016	For 2 Mistral AALs from France
2015	France	24	Rafale	AC	FGA aircraft	24	2015–19	2019	Part of US\$5.2–6 b. deal; includes 8 Rafale-EM and 16 Rafale-DM versions
(2015)	France	(50)	Storm Shadow/ SCALP	MI	ASM	-	-	-	SCALP version; for Rafale combat aircraft; according to the French MOD, the USA blocked the sale of SCALP to Egypt because of concerns over granting access to sensitive technology
2015	France	(12)	TALIOS	GR	Aircraft EO system	(12)	2016–18	2018	For Rafale combat aircraft
2015	France	(500)	AASM	MI	ASM	(500)	2016–18	2018	For Rafale combat aircraft
2015	France	(150)	MICA	MI	BVRAAM	(150)	2015–18	2018	For Rafale combat aircraft
(2015)	Russia	1	EgyptSat-2	SA	Recon. satellite	1	2019	2019	Also for civilian use; EgyptSat-A version
(2015)	Russia	46	Ka-52/ Hokum-B	AC	Combat helicopter	(46)	2017–19	2019	Ka-52K version
(2015)	Russia	(1 000)	9A1472 Vikhr/ AT-16	MI	Anti-tank missile	(1 000)	2017–19	2019	For Ka-52K combat helicopters
(2015)	Russia	(1 000)	9M120 Ataka/ AT-9	MI	Anti-tank missile	(1 000)	2017–19	2019	For Ka-52K combat helicopters
2015	Russia	(50)	MiG-29M	AC	FGA aircraft	(39)	2017–19	-	Includes MiG-29M2 version; delivery planned 2017–20
(2015)	Russia	(300)	RVV-AE/AA-12 Adder	MI	BVRAAM	(225)	2017–19	-	For MiG-29M2 combat aircraft
(2015)	Russia	(300)	R-73/AA-11	MI	SRAAM	(225)	2017–19	-	For MiG-29M2 combat aircraft
2015	Russia	1	Project-1241/ Tarantul	SH	FAC	1	2016	2016	Aid; second-hand; Project-12421 version
2015	Russia	(10)	Moskit/SS-N-22	MI	Anti-ship missile	(10)	2015–16	2016	Aid; second-hand; for Project-12421 (Tarantul) FAC
(2015)	Russia	(1)	Protivnik-GE	GR	Air search radar	(1)	2016	2016	
(2015)	Russia	3	S-300VM/SA-23	AD	SAM system	(3)	2016–17	2017	US\$0.5–1 b. deal
(2014)	Russia	(40)	9M82M/SA-23A	MI	SAM	(40)	2016–17	2017	For S-300VM (Antey-2500 or SA-23) SAM systems



(Year)	Country	Quantity	Model	Category	Value	Year	Value	Year	Value	Notes
(2014)	Russia	(150)	9M83M/SA-23B	MI	SAM	(150)	2016-17	2017	For S-300VM (Antey-2500 or SA-23) SAM systems	
2015	Spain	4	C-295	AC	Transport aircraft	4	2016	2016		
2015	Canada	(8)	PW100	EN	Turboprop/turboshaft	(8)	2016	2016	PW127 version for 3 C-295 transport aircraft from Spain	
(2016)	China	(10)	Wing Loong-1	AC	Armed UAV	(10)	2017-18	2018		
(2016)	China	(300)	Blue Arrow-7	MI	Anti-tank missile	(300)	2017-18	2018	For Wing Loong armed UAVs	
(2016)	South Korea	1	Po Hang	SH	Corvette	1	2017	2017	Aid; second-hand	
(2017)	Germany	(330)	AIM-9L/I Sidewinder	MI	SRAAM	(150)	2018-19	-	Probably AIM-9L/I-1 version	
2017	Netherlands	1	SMART	GR	Air search radar	(1)	2018	2018	For modernization of Perry frigate	
2018	China	(32)	Wing Loong-2	AC	Armed UAV	-	-	-		
(2018)	Jordan	2	Il-76MF	AC	Transport aircraft	2	2019	2019	Second-hand	
(2019)	Germany	7	IRIS-T SL	AD	SAM system	-	-	-	For IRIS-T SL SAM system	
(2019)	Germany		IRIS-T SLM	MI	SAM	-	-	-	Sales have been approved by Germany (includes 1 produced in Egypt)	
2019	Germany	4	MEKO-A200	SH	Frigate	-	-	-	US\$2 b. deal; deliveries planned by 2023	
(2019)	Russia	(24)	Su-35	AC	FGA aircraft	-	-	-	The sale was cancelled in late 2019 after Denel failed to receive a bank guarantee	
(2019)	South Africa	(128)	Umkhonto-R	MI	SAM	-	-	-	The order includes 24 AW-149 and 8 AW-189 versions	
2019	Italy	32	AW-149	AC	Helicopter	-	-	-		

- = order not yet implemented or no deliveries to date; () = uncertain estimate; AALS = amphibious assault landing ship; AC = aircraft; AD = air defence systems; APC = armoured personnel carrier; APV = armoured patrol vehicle; AR = artillery; AS = anti-submarine; ASM = air-to-surface missile; ASW = anti-submarine warfare; AV = armoured vehicles; b. = billions; BVRAAM = beyond-visual-range air-to-air missile; CSF = Central Security Forces; EN = engines; EO = electro-optical; EU = European Union; FAC = fast attack craft; FGA = fighter/ground attack; GR = sensors; m. = millions; MI = missiles; MOD = Ministry of Defence; NW = naval weapons; Recon. = reconnaissance; SA = satellites; SAM = surface-to-air missile; SAR = search and rescue; SH = ships; SRAAM = short range air-to-air missile; SSM = surface-to-surface missile; UAE = United Arab Emirates; UAV = unmanned aerial vehicle; VIP = very important person.

^a Excluding deals with the USA.
^b Year of order or year licence was issued in the case of licensed production. Where possible, major arms intended to be used with or mounted on a certain weapon platform are grouped together. In these cases, the order years may not always be in chronological order.
^c Other available information about the deal. This can include the financial value of the deal in current prices; the reported/presumed purpose of the arms; whether the arms are being donated as military aid; whether the arms are second-hand; whether the arms are being assembled domestically; and any information on linked offsets.

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SIPRI BACKGROUND PAPER

UNDERSTANDING EGYPTIAN MILITARY EXPENDITURE

ALEXANDRA KUIMOVA

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