(b)(1) E.O. 13526 1.4(b),1.4(d),1.4(g),(b)(5)

(b)(1) E.O. 13526 1.4(b),1.4(d),1.4(g),(b)(5)

(b)(1) E.O. 13526 1.4(b),1.4(d),1.4(g),(b)(5)

(b)(1) E.O. 13526 1.4(b),1.4(d),1.4(g),(b)(5)

(b)(1) E.O. 13526 1.4(b),1.4(d),1.4(g),(b)(5)

(b)(1) E.O. 13526 1.4(b),1.4(d),1.4(g),(b)(5)

(b)(1) E.O. 13526 1.4(b),1.4(d),1.4(g),(b)(5)

READ AHEAD FOR THE SECRETARY OF THE NAVY
Egypt Visit
November 2015

- (U) The following provides you with updates on issues of interest for your visit to Egypt and official calls with Egyptian officials.

- (U) This will be your first official visit to Egypt.

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(b), 1.4(d), (b) (5) [redacted]

(U) Internal Context

- ~~(FOUO)~~ (b)(1) E.O. 13526 1.4(b), 1.4(d) [redacted]

- ~~(FOUO)~~ (b)(1) E.O. 13526 1.4(b), 1.4(d) [redacted]

  - ~~(FOUO)~~ Petroleum Minister Sherif Ismail has been appointed by President Sisi as the new PM. Sources in the energy sector have praised his accessibility and his pragmatic approach to problem-solving. His selection is particularly interesting in that he is best known to the public for reducing fuel subsidies and pursuing natural gas deals with Israel.

Classified by: (b) (6) [redacted], DUSN(Policy)
Derived from: Multiple Sources
Declassify on: 20401010

- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted] A new parliament is expected to be in place before the end of December 2015.

- ~~(FOUO)~~ An armed insurgency has been growing in northern Sinai since the 2013 unseating of former president Mohamed Morsy. The insurgency, led by an originally Egyptian Islamist group that affiliated itself with ISIL in late 2014, has capitalized on longstanding grievances among the native Bedouin population. The military has deployed an additional brigade-sized force (approximately 2,500 soldiers) to the region for an open-ended commitment to support the counterterrorism effort.

- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

  - ~~(FOUO)~~ On 29 June 2015, a car bombing killed Prosecutor General Hisham Barakat while he was traveling in a motorcade in a Cairo suburb near his home.

  - ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(b),1.4(c),1.4(d), (b) (5) [redacted]

- ~~(FOUO)~~ On 13 September 2015, the Egyptian Armed Forces (EAF) and/or police fired on a four-SUV convoy in the Western Desert near the town of Bahariya, apparently mistaking them for a group of extremists being tracked nearby. Reports indicated the attack killed twelve and wounded ten, including as many as eight Mexican citizens; one (b) (6) [redacted] was among the wounded.

- ~~(C)~~ (b)(1) E.O. 13526 1.4(b), 1.4(d); (b) (5) [redacted]

- ~~(FOUO)~~ On 6 August 2015, Egypt inaugurated its $8-billion expansion of the Suez Canal to much fanfare. President Sisi presented the project as a national morale-boosting endeavor and demonstration of Egypt's will and unity in the face of terrorism that continues to plague the country. The project includes a new parallel channel along 35 km of the canal as well as dredging to increase the canal's depth, thus allowing traffic to transit the canal in both directions at the same time.

Economy

- ~~(FOUO)~~ At the Egypt Economic Development Conference (EEDC) in March 2015, President Sisi presented a three-pronged "Egypt: Vision 2030" development strategy calling for macroeconomic stabilization, implementation of new megaprojects, and improvements to Egypt's business environment through institutional and regulatory reform. By many accounts, the government has succeeded on the first two points, overseeing a stabilizing economy and making bold progress on megaprojects involving energy and the Suez Canal. (b)(1) E.O. 13526 1.4(d) [redacted]

- ~~(FOUO)~~ The World Bank and Moody's predict a 4.5 to 4.7% growth in Egypt's economy for the fiscal year (FY) running from 1 June 2015 to 30 June 2016. The economy appears to be on track to exceed the 4.3% growth target presented at the EEDC. Egypt's FY 2015/16 deficit may likewise outperform expectations, with this year's budget calling for a deficit of 8.9% of GDP, versus a 10.5% of GDP deficit last FY. Meanwhile, inflation has largely remained stable, coming in below expectations at 8.3% year-on-year inflation in July 2015 despite a recent currency devaluation and electricity price hikes.

- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

Energy

- ~~(FOUO)~~ Egypt announced on 30 August that Italian oil and gas company Eni had discovered a "supergiant" gas field in Egypt's Mediterranean waters. The Zohr field, located just a few kilometers from Egypt's maritime boundary with Cyprus, contains an estimated 30 trillion cubic feet of natural gas resources. ENI's discovery will not solve all of Egypt's energy problems and is unlikely to return Egypt to its previous role as a net energy exporter. The projected peak daily output from the new field is expected to cover less than half of Egypt's daily domestic gas demand.

- (U) In March 2015, Egypt's New and Renewable Energy Authority (NREA) selected 69 large-scale projects as part of an initial renewable energy tender. The country has set an ambitious goal to install 4.3 GW of wind (2.3 GW) and solar (2.0 GW) power by 2017. Egypt is in desperate need of additional capacity to meet soaring domestic power demands over the next five years.

(U) Political-Military Situation

- ~~(FOUO)~~ Challenges remain in the U.S.-Egypt military relationship as a result of holds and conditions placed on the annual $1.3-billion U.S. security assistance program after the 2013 change in government. In March 2015, the President lifted the holds and the Secretary of State exercised waiver authority to resume much of the program, (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

- (U) Cash Flow Financing is the financial mechanism that enables foreign governments to pay for U.S. defense equipment in partial installments over time, rather than all at once; successive Administrations have authorized CFF from Egypt since 1979.

- ~~(FOUO)~~ During the FMF pause, DSCA refused to use FMF funds to support U.S. weapons systems installed on non-U.S. platforms. Currently, there are no restrictions in place to preclude use of FMF funds to support U.S. weapons systems installed on non-U.S. platforms. On average, EN receives approximately $250-$300 million per year.

- ~~(FOUO)~~ President Sisi has expanded cooperation with Russia, China, Italy, and France, while maintaining the strong relationship with Saudi Arabia and the UAE established after the 2013 change in government. Egyptian diplomats are quick to note that their new efforts at "balancing" are not designed to replace Egypt's relationship with the U.S., but rather to reflect Egypt's diverse interests.

- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

(U) International Contributions

- (U) The last Egyptian Combined Maritime Forces (CMF) Liaison Officer (LNO) rotation in Bahrain occurred in early 2013 and proved to be an excellent opportunity to improve communications, but has been gapped for the last two years. This position has been resumed with the arrival of a new Egyptian LNO in Bahrain in September.

- (U) Egypt currently has 2,073 personnel (police, experts, and troops) deployed in support of nine United Nations (UN) Peacekeeping Operations in Africa and Haiti.

(U) Regional Relations

Russia

- ~~(FOUO)~~ In the past few years, relations between Egypt and Russia have been blossoming, with four Sisi-Putin meetings in two years. The two nations agreed to build a Russian industrial zone in 2016 as part of the new Suez Canal development project, following a 50% increase in bilateral trade since 2013. Russia now provides approximately 40% of Egypt's grain. The two nations also initialed their largest arms deal in almost four decades, estimated at $3.5 billion, conducted joint naval drills in the Mediterranean Sea 6-14 June 2015, and Russia reportedly gifted Egypt with a high-speed offensive missile corvette (MOLNYIA P -32), which took part in the Suez Canal ceremony.

- (C) (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

- ~~(FOUO)~~ Press reports in August stated that GOE plans to sign a deal with Rosatom, the regulatory organization of the Russian nuclear complex, to build a nuclear power plant at Egypt's existing nuclear site in Dabaa. The reports follow months of contact between Egyptian and Russian officials, including a November 2014 meeting and the March 2015 signing of a Project Development Agreement (PDA) between Sisi and Putin in Cairo. Following the PDA, Rosatom announced that two further agreements needed additional signatures; one on plant construction and the other on financing. Subsequent reports indicated that Egyptian technical personnel spent nearly a week in Russia to discuss the project, and Rosatom officials visited the Dabaa site.

  - (C) (b)(1) E.O. 13526 1.4(b), (b) (5) [redacted]

France

- ~~(C//REL~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

- ~~(C)~~ (b)(1) E.O. 13526 1.4(d) [redacted]

- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

  - ~~(S/NF)~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

  - ~~S/NF~~) (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

Libya

- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

Yemen

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(b),1.4(d) [redacted]

Syria

- ~~(FOUO)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b) [redacted] (b) (5) [redacted]

Iran

- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

Israel

- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

(U) Military-to-Military Relations

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(b),1.4(d) (b) (5) [redacted]

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a),1.4(b),1.4(d) [redacted]

  - ~~(FOUO)~~ DON FY15-scheduled Professional Military Education Training: Naval Staff College (1), Naval Command College (1), USMC Command & Staff College (1), SWOS INTL (2), Joint Maritime Warfare (4), and Joint Combat Warfighter (4). The total scheduled Egyptian student throughput is 207 students.

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d) [redacted]

  - (U) March 2015: Egypt hosted the Exercise EAGLE SALUTE Main Planning Conference in Cairo.

  - (U) February 2015: Egypt hosted the Exercise BRIGHT STAR-16 Concept Development Conference in Cairo.

  - (U) October 2014: Egypt sent two observers to NAVCENT's International Mine Countermeasure Exercise (IMCMEX) and a staff officer attended the IMCMEX Maritime Infrastructure Protection Symposium (MIPS).

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d) [redacted]

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(b), 1.4(c),1.4(d) [redacted]

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a),1.4(b),1.4(c),1.4(d) [redacted]

  - ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d),1.4(g) [redacted]

- (U) Since 1991, five Egyptian Midshipmen have graduated from the U.S. Naval Academy (USNA). The last two students enrolled were scheduled to have graduated in 2006 but returned to Egypt for academic reasons. In August 2015, the U.S. Naval Attaché in Cairo solicited nominations for new USNA candidates who will be selected in January 2016 and will start classes in July as part of the Class of 2020.

- (U) The U.S. Naval Medical Research Unit Three (NAMRU-3) was established in Cairo in 1946. It conducts research and surveillance to support military personnel deployed to Africa, the Middle East, and Southwest Asia. It is the largest DoD overseas laboratory, with a biosafety containment space and field and hospital study sites located throughout Egypt. NAMRU-3 works closely with the Egyptian Ministry of Health.

(U) Foreign Military Sales

- ~~(FOUO)~~ Fast Missile Craft (FMC): The first two of four FMCs were delivered on 20 June 2014 and the last two were delivered on 18 June 2015. Navy IPO is developing an LOA for a $20 million FY16 FMC Follow-on Technical Support (FOTS) case. [redacted] (b)(1) E.O. 13526 1.4(a),1.4(b), (b) (5) [redacted]

- ~~(FOUO)~~ (b)(1) E.O. 13526 1.4(a),1.4(b), (b) (5) [redacted]

- ~~(FOUO)~~ (b)(1) E.O. 13526 1.4(a),1.4(b),1.4(d), (b) (5) [redacted]

- ~~(FOUO)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d), (b) (5) [redacted]

- ~~(FOUO)~~ (b)(1) E.O. 13526 (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d), (b) (5) [redacted]

- ~~(FOUO)~~ (b)(1) E.O. 13526 1.4(a),1.4(b) [redacted]

  - ~~(FOUO)~~ (b)(1) E.O. 13526 1.4(a),1.4(b),1.4(d) [redacted]

(U) Egyptian Armed Forces Overview

- (b)(1) E.O. 13526 1.4(b),1.4(d), (b) (5) [redacted]

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d), (b) (5) [redacted]

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d), (b) (5) [redacted]

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d), (b) (5) [redacted]

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a),1.4(b),1.4(d), (b) (5) [redacted]

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a),1.4(b),1.4(d), (b) (5) [redacted]

(U) Egyptian Navy (EN)

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(b),1.4(d), (b)(5) [redacted]

- ~~(U)~~ (b)(1) E.O. 13526 1.4(a),1.4(b),1.4(d) [redacted]

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d) [redacted]

- ~~(S//~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d) [redacted]

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d) [redacted]

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d) [redacted]

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d) [redacted]

- ~~(S//~~(b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d), (b)(5) [redacted]

Prepared by: (b) (6) [redacted] DUSN(P) International Affairs, (b) (6) [redacted]

Key U.S. Themes/Points

- (U) Reinforce the relationship between our navies and discuss regional security issues and areas for expanded cooperation.
- (U) Follow up the CNO's recent visit and underscore the delivery of Fast Missile Craft.

Key People

- U.S. Ambassador to Egypt: Robert Stephen Beecroft
- Minister of Defense: LTG Sedky Subhi
- Egyptian Armed Forces Chief of Staff: LTG Mahmoud Hegazi
- Egyptian Navy Commander in Chief: RADM Osama Monier Rabie
- U.S. Defense Attaché: MG Charles Hooper
- U.S. Naval Attaché: (b) (6) [redacted]

Background

Internal Context

- ~~(FOUO)~~ President Sisi has focused on restoring security and economic stability since taking office in June 2014.
- ~~(FOUO)~~ On 12 Sep 2015, PM Ibrahim Mehleb's government announced its resignation. Petroleum Minister Sherif Ismail was appointed as the new PM.
- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d),(b)(5) [redacted]
- ~~(FOUO)~~ An armed insurgency has been growing in northern Sinai since the 2013 unseating of former president Mohamed Morsy.
- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d),(b)(5) [redacted]

Political-Military Relationship

- ~~(FOUO)~~ Challenges remain in the U.S.-Egypt military relationship as a result of holds and conditions placed on the annual $1.3-billion U.S. security assistance program after the 2013 change in government. In Mar 2015, the President lifted the holds, but the EAF is frustrated with the terms.
- ~~(FOUO)~~ President Sisi has expanded cooperation with Russia, China, Italy, and France, while maintaining the strong relationship with Saudi Arabia and the UAE established after the 2013 change in government.

Regional Relations

- ~~(FOUO)~~ In the past few years, relations between Egypt and Russia have been blossoming, with four Sisi-Putin meetings in two years.
- ~~(C//~~ (b)(1) E.O. 13526 1.4(b),1.4(d),(b)(5) [redacted]
- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(b),1.4(d),(b)(5) [redacted]
- ~~(C)~~ (b)(1) E.O. 13526 1.4(b),1.4(d),(b)(5) [redacted]

International Contributions

- (U) Egypt resumed its CMF LNO with the arrival of a new Egyptian officer in Bahrain in September.
- (U) Egypt currently has 2,073 personnel (police, experts, and troops) deployed in support of nine UN PKO in Africa and Haiti.

Military-to-Military Relationship

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(b),1.4(d),(b)(5) [redacted]
- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a),1.4(b),1.4(d) [redacted]
- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a),1.4(b),1.4(d) [redacted]
- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(b),1.4(c),1.4(d),(b)(5) [redacted]
- ~~(FOUO)~~ The first two of four FMCs were delivered in Jun 2014 and the last two were delivered on 18 Jun 2015.
- ~~(FOUO)~~ (b)(1) E.O. 13526 1.4(a)1.4(b), (b)(5) [redacted]
- ~~(FOUO)~~ (b)(1) E.O. 13526 1.4(a),1.4(b),(b)(5) [redacted]

Armed Forces Overview

- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a) 1.4(b),1.4(d),(b)(5) [redacted]
- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d),(b)(5) [redacted]
- ~~(S//NF)~~ (b)(1) E.O. 13526 1.4(a), 1.4(b),1.4(d),(b)(5) [redacted]

THE SECRETARY OF THE NAVY
WASHINGTON DC 20350-1000

INFO MEMO

FOR: SECRETARY OF DEFENSE

FROM: Ray Mabus, Secretary of the Navy 11/24/15

SUBJECT: Trip Report from Chile, Zambia, Tajikistan, Azerbaijan, and Egypt, 29 October – 11 November 2015 (U)

- (b)(1) E.O. 13526 1.4(b),1.4(d),(b)(5)

[redacted]

- (U) Below are brief highlights from my stops.

Chile (U)

- (U) I briefly stopped in Chile to embark the USS GEORGE WASHINGTON (CVN 73) as it transited the Straits of Magellan. GEORGE WASHINGTON is headed to Norfolk, Virginia, as part of the complex hull swap with USS RONALD REAGAN (CVN 76) and USS THEODORE ROOSEVELT (CVN 71). During the course of her transit, she will be conducting security cooperation events and port visits around South America as part of SOUTHERN SEAS 2015, to include participation in

Classified by: SECNAV
Declassify on: Manual Review

SUBJECT: Trip Report from Chile, Zambia, Tajikistan, Azerbaijan, and Egypt, 29 October - 11 November 2015 (U)

UNITAS PAC and LANT. Approximately 1,400 personnel will have spent time on all three hulls, with a total of approximately 3,000 personnel affected by the hull swaps. I also held several All Hands calls with the crew to address issues and questions, and to thank them for their service. Questions raised at the All Hands calls centered around issues including maternity policy and associated sabbatical timing, financial impacts on crew members associated with the hull swaps, relations with Russia, recommended changes to fitness report cycles and processes, uniforms, and changes to military health benefits and pay.

Zambia (U)

(b)(1) E.O. 13526 1.4(b),1.4(d),(b)(5)

[redacted]

SUBJECT: Trip Report from Chile, Zambia, Tajikistan, Azerbaijan, and Egypt, 29 October - 11 November 2015 (U)

(b)(1) E.O. 13526 1.4(b),1.4(d)

Tajikistan (U)

- ~~(S/NF)~~ While in Tajikistan, I attended the Marine Security Guard Detachment Marine Corp Birthday Ball as the guest of honor. Additionally, I held an office call with Charge d'Affaires (b) (6) and discussed the security situation in Tajikistan and the broader Central Asian region. (b)(1) E.O. 13526 1.4(b),1.4(c),1.4(d)

(b)(1) E.O. 13526 1.4(b),1.4(c),1.4(d)

Azerbaijan (U)

(b)(1) E.O. 13526 1.4(a),1.4(b),1.4(d),(b)(5)

(b)(1) E.O. 13526 1.4(a),1.4(b),1.4(d)

- [redacted]

Egypt (U)

- (b)(1) E.O. 13526 1.4(b),1.4(d),(b)(5) [redacted]

SUBJECT: Trip Report from Chile, Zambia, Tajikistan, Azerbaijan, and Egypt, 29 October - 11 November 2015 (U)

(b)(1) E.O. 13526 1.4(b),1.4(d),(b)(5)

[redacted]

- (U) While in Cairo, I also had the opportunity to visit and tour Naval Medical Research Unit 3 (NAMRU-3). NAMRU-3 is the oldest of the six Department of Defense overseas laboratories, established in 1946 in Cairo. Its mission is to study, monitor, and detect emerging and re-emerging disease threats of military and public health importance, and develop mitigation strategies against these threats in partnership with host nations, international, and U.S. agencies. An extraordinary testament to the value of NAMRU-3's forward presence and capability, personnel from NAMRU-3 stood up and ran the mobile Ebola lab in Liberia within 48-hours of notification.

cc:
DEPSECDEF
CJCS
USD/P
VCJCS
CNO
CMC
COMUSAFRICOM
COMNAVAF
COMMARFORAF
COMUSCENTCOM
COMNAVCENT
COMMARCENT
COMUSEUCOM
COMNAVEUR
COMARFOREUR