

AFRICA RISK CONSULTING

Egypt Monthly Briefing December 2020

Egypt Summary 17 December 2020

Security forces arrest three staffers from the Egyptian Initiative for Personal Rights, Egypt's most prominent human rights group, on terrorism charges after they met western diplomats, triggering international condemnation in the backdrop of President Abdel Fattah al-Sisi's (2014-present) trip to France to accept the Legion d'Honneur award. Veteran Juhana Industries chairman Safwan Thabet is arrested and held on terrorism charges. COVID-19 cases continue to rise in Egypt amid lack of transparency on exact numbers of cases and deaths.

Human rights staffers arrested

The continuing crackdown on civil society and all forms of dissent in **Egypt** has intensified this month with the arrests of senior staff members of the **Egyptian Initiative for Personal Rights (EIPR)** on terrorism charges, including its executive director **Gasser Abdel Rizk**.¹ The EIPR is the most prominent human rights organisation still operating in the country, and watchers were quick to note the timing of the arrests, saying they represented a direct challenge from President **Abdel Fattah al-Sisi's** (2014-present) regime to President-elect **Joe Biden's** incoming administration and future **United States (US)** policy on Egypt.

The arrests came after 13 Western ambassadors visited the EIPR for a briefing on the human rights situation in Egypt on 3 November. These briefings are standard and have been taking place for close to two decades, with the organisation's work centered around documenting civil rights violations, prison conditions, sectarian violence and discrimination against women and religious minorities.² The arrests drew widespread international condemnation from the **European Union (EU)**, the **United Nations (UN)**, the **United Kingdom (UK)**, **Germany**, Biden Secretary of State nominee **Antony Blinken**, US Democratic Party Vermont senator **Bernie Sanders**, and a number of celebrities who posted videos online calling for the release of the staffers.³ As pressure mounted the staffers were released on 3 December after two weeks in detention in **Tora** prison.⁴ It remains unclear whether the charges are still pending or have been dropped. The EIPR stated that the **3rd circuit terrorism court** had on 6 December upheld the freezing of their personal assets after refusing to hear arguments by the defence.⁵

Sisi, a close ally to the US and **European** countries, has been waging the heaviest crackdown on dissent in Egypt's modern history. This is not the first time the government has targeted the EIPR. In 2015, security forces disappeared EIPR founder **Hossam Baghat**, now a prominent investigative journalist for Egyptian independent online news outlet **Mada Masr**, for several days until the government relented after intense international pressure insisting on his release.⁶ Baghat appeared on US-based news channel **CNN** journalist **Christine Amanpour's** programme on 3 December to attest that President **Donald Trump's** (2017-present) endorsement of Sisi, whom he has called "*his favourite dictator*", has been a disastrous final blow to Egypt's disintegrating human rights situation

¹ BBC, 18 Nov 2020.

² LankaNewsWeb, 4 Dec 2020

³ CNN, 19 Nov 2020.

⁴ Egyptian Streets, 4 Dec 2020.

⁵ Source, lawyer, Cairo.

⁶ Ahram, 10 Nov 2015.

under Sisi. Some Egypt analysts claim that a Biden administration might not be as permitting of authoritarian excesses.⁷

The arrests came at an awkward time for Sisi, coming days before he was set to make an important state visit to **France** where he was awarded the **Legion d'Honneur**. Some sources have pinned blame for the arrests on over-eager security officials, who leaped on the moment and caused another embarrassing public relations disaster for a brutal government that continues to insist to western donors that it believes in the rule of law.⁸ Asked about human rights in a joint press conference with France's President **Emmanuel Macron** (2017-present), Sisi reiterated that Egypt is "*fighting terrorism*".⁹ Sisi frequently repeats the line whenever publicly questioned about the on-going arrest of journalists, critics, satirists, rivals and minorities and the estimated 60,000 political prisoners detained. In the same press conference, Macron said that French arms sales to Egypt, which have been substantial in recent years, were part of a larger fight against extremism and would not be subject to human rights provisions. These comments led to further outcry from Egypt watchers who asserted that many of the arms France sells to Egypt have no serious counterterrorism application; fighter jets and helicopter carriers are not counterterrorism tools, while other arms and surveillance equipment have been used against protestors.¹⁰

The arrests, which came as **Italy** was preparing to officially indict several high-ranking security officials over the torture and murder of **Oxford University** (UK) student and Italian national **Giulio Regeni** in 2016, triggered significant commentary suggesting that a Biden administration must take a stand on Egypt.¹¹ Many argue that Egypt is less important to US strategic interests than ever before, and no longer a driver of events in the region.¹² Meanwhile, Egyptian diplomats have been reaching out to Joe Biden's incoming team, with Egypt hiring lobby group **Brownstein Hyatt Farber Schreck** for the next year to help lobby the government's position in **Washington**.¹³

High-profile business leaders arrested

Police arrested **Juhayna Food Industries** chairman **Safwan Thabet** on 2 December on unknown charges related to what sources called "*financial irregularities*".¹⁴ Juhayna Food Industries is Egypt's largest dairy products and juice producer. Several days later, Thabet was ordered detained for 15 days pending investigations on charges of allegedly joining and funding a terrorist organisation.¹⁵ Retail magnate **Sayed El Sewerky** was also detained on 5 December on similar charges in an alarming sign that Egypt's business elite are not safe from the government's crackdowns.

If Thabet and El Sewerky are convicted of financing terrorism, their names will be added to terrorism lists and their assets will be seized, meaning that their money effectively goes directly into the government's coffers. The arrests come just a month after **Commercial International Bank (CIB)** chairman **Hisham Ezz al-Arab** stepped down on 23 October under orders from the **Central Bank of Egypt (CBE)**, which cited financial irregularities (see *ARC Briefing Egypt November 2020*). Al Arab is one of the country's most prominent bankers and a well-known figure in finance across the Arab world.

In September, police arrested **Salah Diab**, owner of the country's largest private newspaper, **Al Masry Al Youm**, on charges related to financial irregularities (see *ARC Briefing Egypt September 2020*). This was the second time in recent years that Diab was arrested. The charges were later dropped. Those familiar with the matter describe it as another chapter in the government's on-going

⁷ CNN, 1 Dec 2020.

⁸ Source, diplomat, Cairo.

⁹ The Independent, 11 Dec 2020.

¹⁰ Source, policy expert, Cairo

¹¹ Politico, 10 Dec 2020

¹² New York Times, 7 Dec 2020.

¹³ Foreign Lobby, 11 Nov 2020.

¹⁴ Al Masry Al Youm, 4 Dec 2020

¹⁵ Source, lawyer, Cairo.

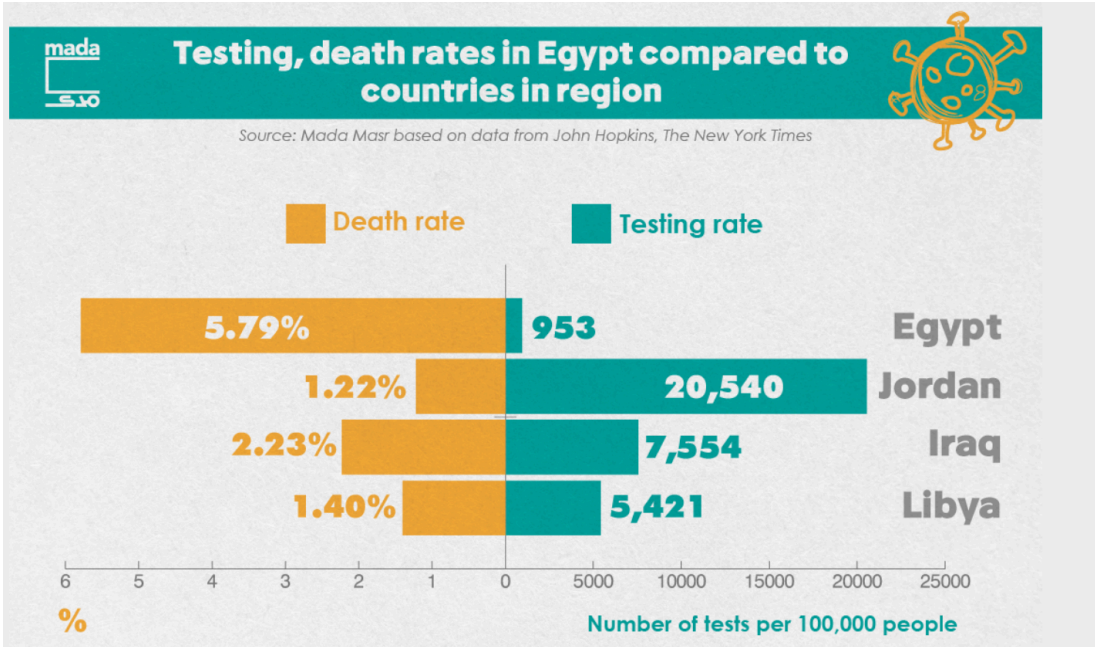
drive to pressure powerful businessmen to hand over cash and assets to government funds such as ‘**Tahya Masr**’ (long live Egypt), a personal slush fund Sisi created in 2014. Sisi has encouraged average citizens and the business establishment to donate to the fund, over which there is no external oversight and no mandate on how the money is to be allocated.¹⁶

While the business community’s response to the Sisi regime has ranged from collaboration to tolerance, many have increasingly realised that the Faustian deal they agreed to – degrees of silence, acquiescing to government demands, and sometimes actively partnering with the government – has left them in a dangerous position. In the early years of Sisi’s first term, there was a sense that wealthy business owners were safe as long as they were not political. Five years in, there is no protection for anyone under Sisi’s presidency: the war against journalism, dissidents and the **Muslim Brotherhood** has morphed into a full-scale attack on all dissent, which has included the country’s most respected: diplomats, doctors, economists, business leaders, and politicians, many of whom now languish in jail on vague charges of “terrorism” or “attempting to destroy the Egyptian state”.

COVID-19 update

Responding to an increase in infections and visibly frustrated, prime minister **Mostafa Madbouly** said in mid-November that the government might be forced to take “difficult decisions” if people continue to ignore safety measures aimed at stemming the spread of the coronavirus.¹⁷ Egypt’s official COVID-19 infection tally at 15 December is 122,086 cases, including 6,943 deaths.¹⁸ Despite Madbouly’s protests that authorities must enforce the rules, Egypt has not seen significant change in how people are responding to the virus. Government officials wear face masks at official events, but most Egyptians in crowded public places fail to do so.

It is difficult to accurately assess the impact of COVID on Egypt, both now and in the long term. Tests performed outside public hospitals have not been added to the official numbers. According to a former official at the health ministry’s preventative medicine department, officially recorded cases are at best a fifth of the actual number of people who have contracted COVID-19.¹⁹



Health minister **Hala Zayed** said in October that Egypt would not reinstate a lockdown if coronavirus infections surged again, but instead would respond to surges in cases within localised population

¹⁶ Mada Masr, 6 Apr 2016.
¹⁷ Al Bawaba, 14 Nov 2020.
¹⁸ Health ministry data,, 15 Dec 2020.
¹⁹ Mada Masr, 3 Dec 2020

clusters (see *ARC Briefing Egypt November 2020*).²⁰ Egypt staged a gradual reopening of its economy in June, easing restrictions, including lifting an evening curfew, reopening restaurants and mosques, and resuming regular international flights as part of its plans to coexist with the virus. Although the reported infection rate has been low since August, the government has repeatedly urged caution to avoid a potential second wave of infections, particularly with the advent of winter and the return of children to school. Zayed announced on 11 December that Egypt had received its first shipment of a **Chinese** coronavirus vaccine.²¹ This is the first of several shipments of the Chinese vaccine that Egypt is due to receive, clinical trials for which showed an efficacy rate of 86%. Egypt and the **United Arab Emirates** were among the nations that held clinical trials for this vaccine.²²

In a panel on post pandemic economics by US-based financial and media company **Bloomberg**, international cooperation minister **Rania Al Mashat** spoke of the Egyptian economy's resilience, reiterating the country's continued commitment to reform, and arguing the case for Egypt as a lucrative destination for investment, with or without COVID.²³ However, tourism arrivals to Egypt have dropped 62.3% year-on-year in the first quarter of 2020,²⁴ while tourism receipts dropped by an estimated 90.4% in the second quarter. While remittances, another key source of foreign currency, increased in the aftermath of the peak Corona period, it has been suggested that the reason may be the economic situation in the **Gulf**, particularly **Saudi Arabia** and **Kuwait**, where tens of thousands of Egyptians have historically been employed. A large number of Egyptian workers may be wiring back their last savings and assets before returning to Egypt for good, given the impact of COVID on the oil and gas industry.²⁵

²⁰ Al Masry Al Youm, 13 Oct 2020.

²¹ Egyptian Streets, 11 Dec 2020.

²² Bloomberg, 9 Dec 2020.

²³ Bloomberg TV, 17 Nov 2020.

²⁴ World Tourism Barometer, 2 Nov 2020.

²⁵ Mada Masr, 8 Dec 2020.

Planner

2019-2020 **Cairo (Egypt)** *Al Mal*. Government-led initial public offering programme;

Dec 2020 **Cairo (Egypt)** Egypt Economic Summit;

20 Dec 2020 **Cairo (Egypt)** *Al Mal*. **International Monetary Fund (IMF)** delegation visits Egypt in first of two reviews ahead of disbursement of second tranche of \$5.2 billion;

24 Dec 2020 **Cairo (Egypt)** *Al Ahram*. **Central Bank of Egypt's** Monetary Policy Committee will meet to review interest rates;

31 Dec 2020 **Cairo (Egypt)** *Enterprise*. Egypt-**United Kingdom** post-**Brexit** trade agreement to take effect.

Chronology

17 Dec 2020 **Cairo (Egypt)** *RT Online*. Italy will sell \$1 billion worth of arms to Egypt including frigates, trainer jets, navy patrol boats, and a military satellite;

16 Dec 2020 **Paris (France)** *France24*. Second recipient will return France's top award in protest after French President **Emmanuel Macron** honours Egypt's President **Abdel Fattah al-Sisi**;

15 Dec 2020 **Rome (Italy)** *Reuters*. Italy's prime minister **Giuseppe Conte** says the trial of four senior **Egyptian** security service members for the murder of Italian **Oxford University (United Kingdom)** student **Giulio Regeni** in 2016 will reveal "shocking" truth;

15 Dec 2020 **Cairo (Egypt)** *Committee to Protect Journalists*. **China, Turkey** and **Egypt** retain their positions as the world's top three jailers of journalists;

10 Dec 2020 **Cairo (Egypt)** *Press release*. Planning and economic development minister **Hala El-Said** says the government will soon offer up the **National Company for Producing and Bottling Water (Safi)** and **Wataniya Petroleum** for private sector investment in Egypt's plan to partially privatise military-owned companies;

10 Dec 2020 **Cairo (Egypt)** *Politico*. **Italian** prosecutors charge four members of the Egyptian security forces with the kidnap, torture and murder of (**United Kingdom**) student **Giulio Regeni**;

7 Dec 2020 **Cairo (Egypt)** *France24*. **France's** President **Emmanuel Macron** says he will not condition the future sale of French arms to **Egypt** on human rights because he does not want to weaken **Cairo's** ability to counter terrorism in the region;

3 Dec 2020 **Cairo (Egypt)** *Reuters*. Authorities release three members of human rights organisation **Egyptian Initiative for Personal Rights** following widespread international criticism;

2 Dec 2020 **Cairo (Egypt)** *Reuters*. **Juhayna Food Industries** chairman **Safwan Thabet** is arrested and detained on terrorism charges;

23 Nov 2020 **Cairo (Egypt)** *Associated Press*. Egypt adds leading activist **Alaa Abdel Fattah** and veteran politician **Abdel Moneim Fatouh**, both of whom are in jail, to its terror watch list;

19 Nov 2020 **Cairo (Egypt)** *Mining Weekly*. Petroleum minister **Tarek El Molla** says Egypt has awarded 82 exploration blocks to 11 companies in an international bid around for mineral exploration;

16 Nov 2020 **Cairo (Egypt)** *African Business Communities*. The **European Bank for**

Reconstruction and Development (EBRD) and United Kingdom (UK)-based Development Partners International (DPI) and development finance institution CDC Group will invest \$250m in Adwia Pharmaceuticals;

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

ARC's core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistle-blower support on one end to crisis media management and regular monitoring on the other.

www.africariskconsulting.com

About ARC Briefing:

ARC Briefing is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

ARC Briefing is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

www.africariskconsulting.com

Getting in touch

Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)