

AFRICA RISK CONSULTING

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Egypt Summary 15 March 2021

The United States and 30 other countries at the United Nations rebuke Egypt for human rights violations, as the regime of President Abdel Fattah al-Sisi (2014-present) continues an aggressive campaign to crush all dissent. Currency watchers stir debate as they raise questions about the Egyptian pound being overvalued and Egypt's image of reform. Local media predict Egypt is entering its third wave of Covid-19 with cases on the rise and the holy month of Ramadan weeks away.

Egypt receives rare international rebuke for human rights violations

The **United States (US)** and 30 other countries called on **Egypt** to end human rights violations against political opponents in a joint statement read out at the **United Nations Human Rights Council (UNHRC)** on 12 March.¹ The statement, signed mostly by **European** countries, as well as the US, **Australia, New Zealand** and **Canada**, expressed concern about freedom of expression in Egypt, and specifically mentioned the arrest of members of the **Egyptian Initiative for Personal Rights** in November (see *ARC Briefing Egypt December 2020*).² The rebuke is a rare show of concern for the current regime of President **Abdel Fatah El Sisi** (2014-present), an ally of the US and Europe. El Sisi, Egypt's former defence minister who ousted his predecessor in a military coup, has overseen the most aggressive crackdown on dissent in Egypt's modern history.

The statement, issued during the ongoing session of the UNHRC, urged Egypt to halt repression of human rights and civil society activists, dissidents, lawyers, critics and LGBTI individuals, many of whom the government has persecuted under the blanket excuse of fighting terrorism. The government moved the case of **Palestinian-Egyptian** activist **Rami Shaath**, whom it has detained for more than a year on vague charges, to a terrorism court on 12 March.³ US Secretary of State **Antony Blinken** expressed concern over Egypt's human rights record in a phone call with Egypt's foreign minister, **Sameh Shoukry**, in February.⁴

Sisi claims that Egypt has no political prisoners, but is concerned with security and eliminating terrorism, but critics say there are an estimated 60,000 political prisoners languishing in pre-trial detention in jails and police stations across the country. Many of these are jailed on charges including "spreading false news" and vague terrorism-related charges, which are frequently used against anyone who criticises the government.

Egypt's foreign ministry rejected the UN statement as being full of "unfounded allegations" and expressed its surprise and disapproval at what it described as an inaccurate and incomplete perspective on the human rights situation in Egypt. The foreign ministry added that Egypt would present its own statement at the UN, in which it will highlight shortcomings in the human rights records of some of the countries levying criticism.⁵

Many in the business community say privately that the political situation in Egypt is worse than ever. These are the same people who in years past believed that their positions of respect and prestige offered them a level of protection from day to day politics of the regime. However, they would now

¹ Al Ahram, 12 Mar 2021.

² The Independent, 12 Mar 2021

³ Reuters, 12 Mar 2021.

⁴ Press release, 24 Feb 2021.

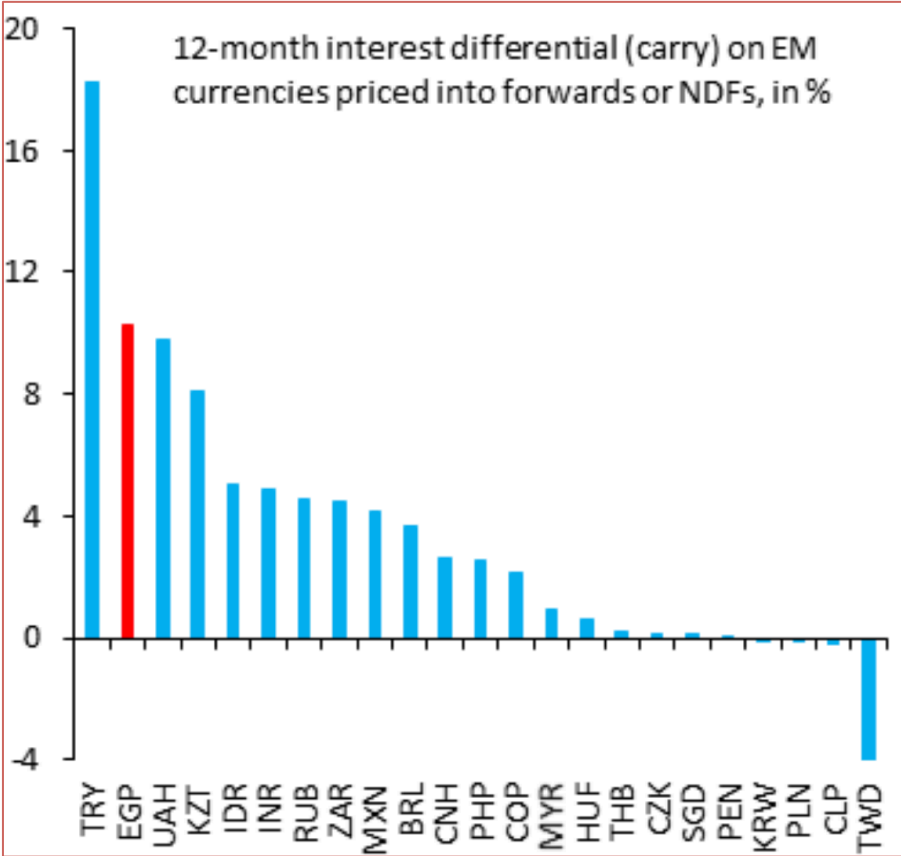
⁵ Press release, 12 Mar 2021.

say that almost no one is safe from the whims of this government. What may have started as a crackdown on the now banned **Muslim Brotherhood** has exploded to threaten anyone who would disagree in any way with the government line. Business owners who refuse to donate to government pet projects or funds are threatened, detained or have their assets seized. Investment under the regime is also severely curtailed, with the military and state-owned companies having drastically expanded their market share in the past five years.

Egypt watchers raise questions about currency stability

Chief economist of US-based global financial services industry trade group **International Finance Institute, Robin Brooks** set off a discussion that was previously taking place behind closed doors in Egypt regarding the stability of the Egyptian pound when he tweeted on 13 March that “*Egypt is locked into an undesirable equilibrium.*” Brooks noted that high interest rates make Egypt an attractive destination for hot money flows looking for carry.

“But the cost of this is high. The Pound has unwound all gains from the 2016 devaluation in real terms & external debt is building...”⁶



Source: Robin Brooks via Twitter

Other watchers were quick to agree, noting that the past four years have seen many missed opportunities as a result of the government’s interventionist policies, which also dominates private investment in key sectors including mining, tourism and banking.

Sources note that Egypt’s position as a net commodity importer makes it more vulnerable to inflationary pressure. They suggest that Egypt’s currency is once again overvalued in the same way it was in 2016 before the **International Monetary Fund (IMF)** agreed to a bail out loan. With external debt mounting, currency devaluation is likely in the near future.⁷ Praise for Egypt’s reform efforts are

⁶ Via Twitter, 13 Mar 2021.
⁷ Source, Think tank expert, Washington D.C

overstated, given that purchasing power is down and poverty is up, with an estimated one in three Egyptians living below the poverty line.⁸ Sources also note that growth gains are concentrated among politically connected firms, meaning that growth is essentially being limited to those in or affiliated with the government.⁹

Covid-19 update

Egypt's health ministry reported 644 new **Covid-19** infections on 14 March, bringing to 190,280 the total number of confirmed cases. The ministry also reported 42 new deaths, raising Egypt's death toll to 11,256 in its population of roughly 101.5 million.¹⁰ Analysts claim the real figures are five times higher than the official numbers.

Local media have suggested that a third wave of the pandemic appears to be imminent, with current figures indicating that daily case numbers will peak in April and May, citing unnamed sources from the government's Covid-19 task force.¹¹ With **Ramadan** less than one month away, these estimates seem accurate, as there is an increase in the number of group gatherings over the holy month. Talk show hosts have also lambasted Egyptians' lax attitude to virus regulations, noting that they have "cancelled" Covid and instead continued to attend large gatherings indoors and in crowded outdoor spaces.¹²

Immunisation of frontline workers began on 28 January after Egypt received its first shipment of vaccines developed by **Chinese** pharmaceutical company **Sinopharm** in December.¹³ Health minister **Hala Zayed** announced in mid-February that other citizens would be able to register to take the vaccine starting from March, with priority given to the elderly and high-risk people with existing conditions.¹⁴ However hundreds of thousands of doses of the **AstraZeneca** vaccine due to arrive in early March remain delayed.¹⁵

Egypt will receive 40 million vials from the **GAVI vaccine alliance** for 20 million people, or 20% of the population. The government said it is procuring multiple sources of the vaccine, including from **Pfizer** and **Moderna**, but has not confirmed numbers.¹⁶

⁸ Source, Think tank expert, Washington D.C

⁹ Source, Think tank expert, Washington D.C

¹⁰ Press release, 14 Mar 2021.

¹¹ Youm7, 11Mar 2021

¹² Amr Adib, 8 Mar 2021.

¹³ Al Ahrām, 29 Jan 2020.

¹⁴ Al Ahrām, 29 Jan 2021;

¹⁵ Enterprise, 14 Mar 2021.

¹⁶ Press release, 6 Dec 2020.

Planner

2020-2021 **Cairo (Egypt)** *Al Mal*. Government-led initial public offering programme;
 March 2021: **Cairo (Egypt)** *Enterprise*. **Russia's** President **Vladimir Putin** potential visit;
 March 2021 *Al Ahrām*. **Eastern Mediterranean** Gas Forum comes into effect
 1 Jun 2021 **Cairo (Egypt)** **International Monetary Fund (IMF)** will conduct a second review of targets set under the \$ 5.2 billion standby loan approved in June 2020;

Chronology

15 Mar 2021 **Khartoum (Sudan)** *Reuters*. An international quartet to mediate stalled negotiations on the **Grand Ethiopian Renaissance Dam (GERD)** could soon be established after Sudan made a formal request to the **African Union, European Union, United Nations** and **United States** to play a role in mediating an agreement on the dam's filing and operation;

15 Mar 2021 **Cairo (Egypt)** *Reuters*. Remittances from Egyptians abroad rose 10.5% in 2020;

15 Mar 2021 **Cairo (Egypt)** *Reuters*. Egypt detects 644 new **coronavirus** infections and records 44 **Covid-19**-related fatalities;

14 Mar 2021 **Cairo (Egypt)** *Al Ahrām*. Members of parliament denounce a **United Nations** statement on human rights in Egypt as "*politicised*" and "*full of unfounded claims*";

14 Mar 2021 **Cairo (Egypt)** *Egypt Today*. Discussing the ongoing conflict over the **Nile** with **Ethiopia** at a regional water summit, Egypt says is not against development in the **Nile Basin** countries;

13 Mar 2021 **Cairo (Egypt)** *Press release*. In terms of a proposal by President **Abdel Fattah al-Sisi**, Egypt could give **Libya's** interim government policy assistance to help restore political stability and build development projects;

12 Mar 2021 **Cairo (Egypt)** *Reuters*. **United States** joins other western countries in rare criticism of Egypt on human rights abuses;

11 Mar 2021 **Cairo (Egypt)** *Associated Press*. **Turkey** announces it has resumed diplomatic contacts with Egypt, in a sign it is rebooting relations with some **Arab** nations strained for years over Islamist politics and regional conflicts;

11 Mar 2021 **Cairo (Egypt)** *ABC*. Egypt and **Sudan** are urging **Ethiopia** to approve a plan to involve the **United Nations, United States** and **European Union** in negotiations over the **Grand Ethiopian Renaissance Dam (GERD)**;

11 Mar 2021 **Paris (France)** *Press release*. **Egypt, France, Germany** and **Jordan** have reiterated calls for a two-state solution for **Palestine** and **Israel**, and called against "*unilateral*" actions such as Israel's illegal settlements in the **West Bank** and **Jerusalem** in a meeting of foreign ministers in Paris;

10 Mar 2021 **Geneva (Switzerland)** *Enterprise*. The **Mubarak** family's **European** assets are unfrozen after the **European Union** revoked sanctions imposed after the 2011 revolution to help the repatriation of misappropriated state funds; sanctioned individuals included former first lady **Suzanne Mubarak**, Mubarak's sons **Alaa** and **Gamal** and their wives, as well as former interior minister **Habib El Adly** and his wife, former tourism minister **Zoheir Garana**;

9 Mar 2021 **Cairo (Egypt)** *Press release*. **Netherlands**-based oil company **Shell** has agreed to sell its assets in the **Western Desert** to Egypt's **Cheiron Petroleum** and **United Kingdom**-listed **Cairn Energy** for up to \$926m;

8 Mar 2021 **Cairo (Egypt)** *Al Mal*. Egyptian-owned **CI Capital** has rejected an offer made in February by state-owned **Banque Misr** to acquire a 90% stake in the company at EGP 4.70

(\$0.25) per share, valuing the company at some EGP 4.7 billion (\$254m);

7 Mar 2021 **Cairo (Egypt)** *Press release*. **Egypt** and **Sudan** have reportedly agreed to set a 15 April deadline to reach a binding agreement with **Ethiopia** on the **Grand Ethiopian Renaissance Dam (GERD)** covering the rules for filling and operating the dam;

2 Mar 2021 **Cairo (Egypt)** *Press release*. State-owned **Telecom Egypt (TE)** is planning to connect landlocked and coastal **African** countries to **Europe** through a giant subsea system that will circle all of Africa, known as the **Hybrid African Ring Path (Harp)**, which TE is set to complete by 2023, and which will form the two main arteries that will begin from a landing point in **South Africa** to points in three southern European countries;

1 Mar 2021 **Cairo (Egypt)** *Business Day*. **Nigeria** based **Jumia Technologies** expands its online food delivery service to **Egypt**, now offering this service in all 11 of its markets except **South Africa**;

25 Feb 2021 **Cairo (Egypt)** *Arab News*. Foreign ministry welcomes and supports a **Sudanese** proposal to form an international quartet committee to mediate stalled negotiations on **Ethiopia's Grand Ethiopian Renaissance Dam**;

About Africa Risk Consulting:

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