

AFRICA RISK CONSULTING

Egypt Monthly Briefing July 2021

Egypt Summary 16 July 2021

President Abdel-Fattah El-Sisi (2014-present) declares Egypt's national security is a red line that cannot be crossed, as Ethiopia defies downstream countries' request for a binding agreement on the operation of controversial Grand Ethiopian Renaissance Dam (GERD). Ever Given, the mega container vessel that was stuck in the Suez Canal for six days in March, will finally be allowed to leave Egypt after its owner reaches agreement with the Suez Canal Authority, which detained the vessel for almost three months. The World Health Organisation places Egypt at the lower level in terms of the risk of the coronavirus pandemic spread, as Covid-19 cases continue to trend downwards.

Tensions flare as Ethiopia fills dam without agreement of Egypt, Sudan

President **Abdel-Fattah El-Sisi** (2014-present) has described **Egypt's** national security as a red line that cannot be crossed. Sisi's remarks came during a public event in **Cairo** on 15 July to inaugurate a development programme, and was his first public speech since the **United Nations (UN) Security Council** met on 8 July to discuss **Ethiopia's** decision to fill the controversial **Grand Ethiopian Renaissance Dam (GERD)** despite failure to reach agreement with downstream countries, including Egypt and **Sudan**, which want a legally binding agreement on the filling and operation of dam.¹ Sisi stressed that Egypt wants a legally binding agreement on the dam, "that will bring prosperity, security and peace to all of us".² Sisi added that the **Arab** world's most populous nation is willing to defend its interests by force if needed:

"We have the economic and military power to impose our will and defend our interests. We have several options and we will consider them according to the situation and the circumstances at time."³

Responding to Ethiopia's notification on 6 July to Egypt's irrigation minister, **Mohamed Abdel Atti**, that it had started the second phase of filling on 6 July, Atti said "Egypt firmly rejects this unilateral measure."⁴ Atti said the start of the second phase of the filling of the dam "represents a violation of international laws and norms that regulate construction projects on shared basins of international rivers".⁵

The latest tension calls into question whether a solution to the dispute can ever be found. In the meantime, by going forward in defiance of all other parties involved, Ethiopia is winning the dispute by default. It further echoes the concerns of Egypt watchers that while none of the countries wants an all-out war, the longer the disagreements go on, the greater the risk that existing animosities and historical military friction mushrooms into a larger and more dangerous conflict.

European Union (EU) high representative for foreign affairs and security policy **Josep Borrell** stressed after a meeting with Egyptian foreign minister **Samer Shoukry** that efforts led by the **African Union (AU)** to solve the GERD dispute have the support of the EU and need to be intensified to reach a solution agreeable to all parties.⁶ He reiterated the EU's dismay over Ethiopia's

¹ Al Ahram, 16 Jul 2021.

² Al Ahram, 16 Jul 2021.

³ Al Ahram, 16 Jul 2021.

⁴ Press release, 6 Jul 2021.

⁵ Press release, 6 Jul 2021

⁶ Al Ahram, 13 Jul 2021.

announcement about the second filling of the dam without reaching a prior agreement with downstream countries on this issue.⁷ Egyptian diplomats were also dispatched to **Brussels (Belgium)** to hand over a personal message from Sisi to **European Council** president **Charles Michel**.⁸

Egypt and Sudan have previously warned of “*serious risks and grave consequences of the unilateral filling*” of the dam’s massive reservoir. They want an international agreement to govern how much water Ethiopia releases downstream, especially in a multi-year drought. Sudan and Egypt argue that Ethiopia’s plan to add 13.5 billion cubic metres of water in 2021 to the dam’s reservoir is an existential threat to their security and development.⁹

For Ethiopia’s prime minister, **Abiy Ahmed** (2018-present), the completion of the dam comes at a delicate time in his leadership. Part of his pitch to Ethiopians before coming to power was a promise to rejuvenate the economy and make the country a regional centre for hydropower.¹⁰ Abiy has generally enjoyed strong support from Ethiopians, but having been embroiled in fighting in the northern breakaway region of **Tigray** for more than eight months, support is waning, making the need to be seen to stand up to Egypt even more politically significant.

Ever Given gets green light to leave Egypt

Ever Given, the mega container vessel that was stuck in the **Suez Canal** for six days in March, was finally allowed to leave Egypt on 13 July after its owner came to an agreement with the **Suez Canal Authority (SCA)**, which had detained the vessel for almost three months. The Ever Given was being held in a lake adjacent to the canal, amid an ongoing financial dispute. The development came after its **Japanese** owner, **Shohei Kisen Kaisha Ltd.**, reached a settlement with canal authorities over compensation, following weeks of negotiations and a court standoff.

The Ever Given was bound for the **Netherlands** when it ran aground in the Suez Canal on 23 March. The ship was unable to keep a straight trajectory due to strong winds and sandstorms that reduced visibility (see *ARC Briefing Egypt April 2021*).¹¹ Salvage teams freed the Ever Given on 29 March, ending a crisis that had clogged one of the world’s most vital waterways and the shortest shipping route between **Europe** and **Asia**. Roughly 30% of the world’s shipping container volume transits through the 193-km Suez Canal daily, and about 12% of total global trade of all goods. The blockage of the canal halted billions of dollars a day in maritime commerce.¹² Data from **Lloyd’s List** showed the stranded ship was holding up an estimated \$9.6 billion of trade along the waterway each day, equating to \$400m and 3.3 million tonnes of cargo an hour, or \$6.7m a minute.¹³ Following the freeing of the vessel, Sisi noted that the incident had drawn global attention to the importance of the waterway. The Suez Canal has been of particular significance to the president, who ordered its expansion in 2015, at a cost of more than \$8 billion, as part of his personal push for megaconstruction projects.¹⁴

The final hurdle for the ship’s departure was cleared when the **Ismailia Economic Court** allowed the ship’s release on 11 July, lifting a court order allowing the Suez Canal Authority to confiscate the vessel.¹⁵ This came just days after the ship’s owner reportedly agreed to pay \$540m to the authority, although the terms of the deal have not been made public.¹⁶

⁷ Al Ahram, 13 Jul 2021.

⁸ Al Ahram, 13 Jul 2021.

⁹ Bloomberg, 16 Jun 2021.

¹⁰ Africa News, 6 July 2021.

¹¹ Associated Press, 24 Mar 2021.

¹² Reuters, 29 Mar 2021.

¹³ BBC, 29 Mar 2021.

¹⁴ BBC, 15 Aug 2015.

¹⁵ Reuters, 6 Jul 2021.

¹⁶ Reuters, 6 Jul 2021.

Covid-19 update

Health minister **Hala Zayed** said in a cabinet meeting on 12 July that the **World Health Organisation (WHO)** had lowered Egypt's risk rating in terms of the spread of the **Covid-19** pandemic.¹⁷ Zayed cited the organisation's six-level categories of the epidemiological position and the risk of spreading the virus worldwide.¹⁸

To date, Egypt has reported 283,490 cases of Covid-19 and 16,425 Covid-19-related deaths in its population of 104.3 million since the outbreak of the pandemic in March 2020.¹⁹ Egypt has reported relatively few coronavirus infections over the past month after passing the peak of the third wave of the pandemic. The health ministry announced on 12 July that Egypt will receive 2 million doses of the **Pfizer** vaccine by 19 July, noting that these doses will be allocated "for travel purposes only". Presidential advisor **Awad Tag Eddin** said in a televised interview that the country is also set to receive up to 26 million doses of the **Johnson & Johnson** vaccine, which is currently being produced in **South Africa**, with half of the production supplied to **Africa**.²⁰

As of 1 June, there are no longer any Covid restrictions in place in Egypt, after the government decided to end early closure times for restaurants and sports clubs that was imposed in mid-May for several weeks.²¹

Planner

2020-2021 **Cairo (Egypt)** *Al Mal*. Government-led initial public offering programme;

17 Jul 2021 **Cairo (Egypt)** *Al Ain*. **China's** foreign minister, **Wang Yi**, expected to visit Cairo;

30 Sep 2021 **Cairo (Egypt)** *Press release*. Closing of 2021's first oil and gas tender in the **Gulf of Suez, Western Desert and Mediterranean**;

Nov 2021 **Suez (Egypt)** *Enterprise*. **French-Egyptian Business Forum** set to take place in **Suez Canal Economic Zone**;

Nov 2021 **Cairo (Egypt)** *Al Mal*. Egypt will host another round of talks to reach a potential **Egyptian-Eurasian** trade agreement, which can significantly contribute to increasing the volume of Egyptian exports to the **Russia-led** bloc that includes **Armenia, Belarus, Kazakhstan and Kyrgyzstan**;

13-17 Dec 2021 **Sharm El Sheikh (Egypt)** *UN*. **United Nations Convention against Corruption** meeting.

Chronology

16 Jul 2021 **Cairo (Egypt)** *Egypt Today*. President **Abdel-Fattah El-Sisi** says Egypt's water share is a 'red line' as **Ethiopia** pushes ahead with second filling of its controversial **Grand Ethiopian Renaissance Dam** project;

15 Jul 2021 **Cairo (Egypt)** *MenaBytes*. **Cairo-based** social commerce platform **Taager** has raised \$6.4m in a seed round led by **4DX Ventures**;

15 Jul 2021 **Cairo (Egypt)** *Egypt Today*. Prosecutor general **Hamada el-Sawy** issues a decision to lift the freeze on the assets of the family of late president **Hosni Mubarak**;

14 Jul 2021 **Cairo (Egypt)** *AP*. Egypt's highest civilian court rejects an appeal by a group of 13 people including two prominent detained activists, **Rami Shaath**, son of top **Palestinian** politician and former MP **Zeyad El-eimy**, who were disputing their placement on a terrorist list

¹⁷ Press release, 13 Jul 2021.

¹⁸ Press release, 13 Jul 2021.

¹⁹ Worldometers, accessed 16 Jul 2021

²⁰ Sabah al-Khair Ya Masr, 28 Jun 2021

²¹ AhramGate, 2 Jun 2021.

for a period of five years;

14 Jul 2021 **Cairo (Egypt)** *Al Ahram*. **World Health Organisation (WHO)** places Egypt at lowest level of coronavirus spread risk;

13 Jul 2021 **Cairo (Egypt)** *Al Ahram*. **European Union** foreign policy chief **Josep Borrell** says he is “concerned” about the crisis over the **Grand Ethiopian Renaissance Dam**;

13 Jul 2021 **Cairo (Egypt)** *Al Akbhar*. Egyptian mediators are optimistic that **Israel** and **Hamas** will soon implement the first stage of a prisoner exchange between the two sides, a critical step in stabilising the fragile **Gaza** ceasefire;

8 Jul 2021 **Cairo (Egypt)** *ESI Africa*. **Italy**-based energy giant **Eni** signs a memorandum of understanding with the **Egyptian Electricity Holding Company** and the **Egyptian Natural Gas Holding Company** to assess the feasibility of hydrogen production in Egypt;

8 Jul 2021 **Cairo (Egypt)** *Reuters*. Egypt's headline inflation is up slightly at 4.9% in June;

8 Jul 2021 **Cairo (Egypt)** *AP*. Egypt urges the **United Nations (UN)** to back its call for a binding deal on the **Ethiopian Grand Renaissance Dam (GERD)**;

8 Jul 2021 **Cairo (Egypt)** *AP*. **Russia** allows flights to Egypt's resorts, which it had stopped since a 2015 plane bombing;

7 Jul 2021 **Cairo (Egypt)** *Egypt Independent*. **Suez Canal** authorities release shipping vessel **Ever Given** after **Japanese** owner **Shohei Kisen Kaisha** reached a compensation agreement with the canal authorities after more than three months of negotiations and a court standoff;

5 Jul 2021 **Cairo (Egypt)** *Reuters*. Egypt receives official notice from **Ethiopia** that it has begun filling the reservoir behind its giant hydropower dam, the **Grand Ethiopian Renaissance Dam (GERD)**, for a second year;

3 Jul 2021 **Cairo (Egypt)** *AP*. President **Abdel Fattah el-Sisi** inaugurates new naval base on the **Mediterranean Sea** near **Libya**, the latest example of the government's military build-up;

1 Jul 2021 **Cairo (Egypt)** *Reuters*. **United Nations Security Council** is likely to meet next week to discuss a dispute between **Sudan**, **Ethiopia** and Egypt over the **Grand Ethiopian Renaissance Dam (GERD)** built by Ethiopia on the **Blue Nile**;

29 Jun 2021 **Cairo (Egypt)** *Al Mal*. **Financial Regulation Authority (FRA)** says the government is expected to start initial public offerings in September;

27 Jun 2021 **Cairo (Egypt)** *Reuters*. **Sudan** has rejected an **Ethiopian** proposal to manage the second filling of the **Grand Ethiopian Renaissance Dam (GERD)** that it is building on the **Blue Nile**;

21 Jun 2021 **Cairo (Egypt)** *Press release*. Egyptian startup **Trella**, a digital platform connecting truckers with freight loads, has raised \$42m in equity and debt, including from the venture capital arm of **Denmark**-based shipping giant **Maersk**;

16 Jun 2021 **Cairo (Egypt)** *AP*. The **United States** is planning to increase funding to Egypt to help it convert to solar energy and move away from fossil fuels;

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