

Werner Hoyer,
President, European Investment Bank,
98-100, boulevard Konrad Adenauer,
L-2950 Luxembourg.

20 December 2012

Dear President Hoyer,

In light of President Morsi's anti-democratic actions and the resultant violence, we are writing to you to request a moratorium on EIB lending to Egypt. The EIB has professed "its support for the transition to democracy in the Mediterranean" and its intention to lend up to \$3 billion to Egypt as part of that process.¹ However, the actions of the Egyptian government are clearly in opposition to democracy and fundamental human rights. We believe that EIB operations in Egypt under current circumstances are in violation of EU overall horizontal objectives on the promotion of democracy and human rights in its external action, as recently enshrined by the European Council in the EU Strategic Framework and Action Plan on Human Rights.

On November 22nd, President Morsi awarded himself broad new powers, widely criticised domestically and internationally as a power-grab and "constitutional coup".² Morsi's decision led to hundreds of thousands of Egyptians protesting across the country and caused street-battles with state security and Muslim Brotherhood supporters in which at least ten people died. Most disturbingly, there are widespread reports of armed Muslim Brotherhood dispatching militias and operating 'torture chambers' in which hundreds of protestors were detained, assaulted and coerced into making 'confessions'³— 'confessions' which Morsi appeared to then cite on television while demonising opponents.

President Morsi's actions are disturbingly reminiscent of Egypt's former dictator. As the *New York Times* observed: "*The episode on Wednesday recalled the tactics of the ousted president, Hosni Mubarak, who often saw a conspiracy of*

1

▣ <http://www.eib.org/about/press/2011/2011-129-marseille-g-8-meeting-the-eib-strengthens-its-support-for-the-transition-to-democracy-in-the-mediterranean.htm>

2

▣ Heba Afify, Amira Ahmed and Lina Attalah, 'The president's new powers', *Egypt Independent*, 23/11/12, <http://www.egyptindependent.com/news/president-s-new-powers>

3

▣ Mohamed El-Garhi, 'Al Masri Al Youm goes inside the Brotherhood's torture chambers', *Egypt Independent*, December 7 2012, <http://www.egyptindependent.com/news/al-masry-al-youm-goes-inside-brotherhood-s-torture-chambers>

*“hidden hands” behind his domestic opposition and deployed plainclothes thugs acting outside the law to punish those who challenged him.”*⁴

His order to the military to protect polling stations for the controversial constitutional referendum amounted to a form of martial law, allowing soldiers to arrest civilians under a military code of justice.⁵ And the day after granting himself vast new constitutional powers, Morsi unilaterally amended Egypt's trade union law, in an attempt to restore Mubarak-era regime control over workers.⁶

The President is aggressively pushing through the Constitution drafted by the Muslim Brotherhood and their Salafi allies. A process that should be centred around consensus and inclusion has been marred by a Constituent Assembly that ignored all minority, secular and independent voices, and widespread voter fraud and intimidation during a rushed referendum.

Martial law, torture chambers, Mubarak-like autocracy—these are not conditions under which any development bank should invest. In the minds of many regional analysts, the public support of international finance institutions empowered Morsi in his recent power grab and his gamble in forcing through the constitution.

We note the EIB's track record in supporting the Mubarak regime—nearly €4 billion in loans in the decade before the Arab Spring.⁷ If the EIB is now, as it claims, “closely following the aspirations expressed by the people of Tunisia and

4

⁴ David Kirkpatrick, 'Morsi's Opponents Describe Abuse by President's Allies', *New York Times*, December 10 2012, http://www.nytimes.com/2012/12/11/world/middleeast/allies-of-egypts-morsi-beat-protesters-outside-palace.html?nl=todaysheadlines&emc=edit_th_20121211&r=0

5

⁵ David Kirkpatrick, 'Opponents of Egypt Leader Call for Boycott of Charter Vote,' *New York Times*, December 9 2012, http://www.nytimes.com/2012/12/10/world/middleeast/egypt-mohamed-morsi-protests.html?pagewanted=2&nl=todaysheadlines&emc=edit_th_20121210

6

⁶ 'Morsi issues law paving way for state control of trade federation, *Egypt Independent*, November 26 2012, <http://www.egyptindependent.com/news/morsy-issues-law-paving-way-brotherhood-control-trade-federation> Trade unions claim the Brotherhood's "attitude to workers, trade unions and economic and social rights is even more hostile," than Mubarak's, and the labour minister "had been actively inciting employers and management against protesting workers." 'Egypt: Brotherhood Targets Trade Unions', *Al-Akhbar English*, October 28 2012, <http://english.al-akhbar.com/content/egypt-brotherhood-targets-trade-unions>

7

⁷ Total projects financed in Egypt 2000-2011: €3,876,179,235. <http://www.eib.org/projects/loans/regions/mediterranean-countries/eg.htm?start=2000&end=2011§or>

Egypt,"⁸ it must take a step back from supporting this new turn towards autocracy. European development money cannot be seen to be supporting a new Mubarak. A moratorium on lending to Egypt is the only viable solution to comply with EU objectives and allow democratic change to still unfold in the region.

We remain at your disposal to discuss further and look forward to your response.

Yours truly,

Mohamed Mossallem, Egyptian Initiative for Personal Rights, Egypt
Mahinour El Badrawi, The Egyptian Center for Economic & Social Rights, Egypt
Philip Rizq, The Popular Campaign to Drop Egypt's Debt, Egypt
Antonio Tricarico, Re:Common, Italy
Mika Minio-Paluello, Platform, England
Regine Richter, Counter Balance, Belgium
Mark Fodor, CEE Bankwatch Network