

Sir Suma Chakrabarti,  
President, European Bank for Reconstruction and Development,  
One Exchange Square,  
London,  
EC2A 2JN

20 December 2012

Dear President Chakrabarti,

In light of President Morsi's anti-democratic actions and the resultant violence, we are writing to you to request a moratorium on EBRD lending to Egypt. Article 1 of the EBRD's Agreement establishing the Bank states that the EBRD operates "in countries committed to and applying the principles of multiparty democracy, pluralism and market economics." The actions of the Egyptian government clearly violate that commitment. For the EBRD to fail to recognise that violation would, in our opinion, legitimise further anti-democratic violence and human rights abuses.

On November 22<sup>nd</sup>, President Morsi awarded himself broad new powers, widely criticised domestically and internationally as a power-grab and "constitutional coup".<sup>1</sup> 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'<sup>2</sup>—'confessions' which Morsi appeared to then cite on television while demonising opponents.

In this context, we note your tweet, "Mursi a hero one minute for Gaza peace but zero the next for new decrees. "Truth" in-between? Must accept new Egypt will have ups and downs."

We are concerned about the apparent acceptance of Morsi's actions as merely a temporary "down" without major consequences. Morsi's actions over the last month are not so much part of a "new Egypt", as 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 "hidden hands" behind his domestic opposition and deployed plainclothes thugs acting outside the law to punish those who challenged him. The*

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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>

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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>

*difference is that the current enforcers are driven by the self-righteousness of their religious ideology, rather than money.*<sup>3</sup>

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.<sup>4</sup> 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.<sup>5</sup>

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.

There is currently no separation of powers in Egypt. Rather, the Muslim Brotherhood has revealed a trend towards ever greater concentration of powers and removal of checks and balances – making the EBRD's Country Assessment for Egypt approved on October 31<sup>st</sup> seem naively optimistic.

The EBRD has no problematic prior track record in Egypt, unlike many other development banks, which backed Mubarak heavily. But by validating the anti-democratic violence of the Morsi government with financial support, the EBRD would waste that golden opportunity and betray the spirit of the Arab Spring. A moratorium is the only option we currently see for sending a sufficiently strong message that Morsi's government's actions are unacceptable.

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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](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)

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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](http://www.nytimes.com/2012/12/10/world/middleeast/egypt-mohamed-morsi-protests.html?pagewanted=2&nl=todaysheadlines&emc=edit_th_20121210)

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'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>

We remain at your disposal to discuss further.

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  
Berber Verpoest, Counter Balance, Belgium  
Mark Fodor, CEE Bankwatch Network