

IN EGYPT THE BRITISH TRADE MILLIONS OF DOLLARS FOR HUMAN RIGHTS



AMELIA SMITH

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In Egypt the British trade millions of dollars for human rights



Amelia Smith

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In Egypt the British trade millions of dollars for human rights

In 2011 residents of the fishing town of Idku close to Egypt's northern city of Alexandria gathered to oppose British Petroleum's (BP) plans to pump gas onshore where they would process it for onwards shipment. There were many parts of the project which angered activists including the proposition that the gas plant would be built on Idku's sandy strip of beach.

Local farmers and fishermen already had to contend with sewage canals, industrial wave breakers which limited their access to fishing areas, and an existing Liquefied Natural Gas (LNG) export plant. Now BP's facility would further endanger their livelihood and likely kill both the fish and the agriculture they were heavily dependent on.

Popular assemblies formed on the streets and locals vented their anger about the project. They began to document other environmental disasters, drawing comparisons with the oil spill in the Gulf of Mexico, and warning people that the same could happen to them.

Their efforts paid off – after 18 months of continuous delays BP announced they were withdrawing. Activists packed up their banners and the fishermen concentrated once again on tending to their boats. Empowered by the 2011 uprising, the town of Idku declared victory.

In the two years that followed, Mohammed Morsi was voted into government, removed by a military coup and replaced by the former head of military intelligence, now President Abdul Fattah Al-Sisi. Between the coup and Sisi's ascension to power a new law was introduced, the Protest Law, which seriously curbed citizens' right to demonstrate, enforcing a fine of up to EGP 30,000 (\$1,700) and lengthy prison sentences if demonstrators failed to notify authorities before a protest.

Not long after it was introduced BP's plans slipped back onto the agenda. On a recent visit to Egypt the UK's trade envoy to the country included Idku on his list of places to visit.

Perhaps nothing sums up the nature of current politics in Egypt better than the story of Idku and BP: investments made by multinationals are protected by the

Egyptian government, and encouraged by the British. The saddest part of it all is that the people of Idku, much like the rest of Egypt, will see very little, if anything, of the benefits of these deals.

Britain's concern for its investments in Egypt began years before it affected the 100,000 or so residents of Idku. It was not long after the British occupied Egypt in 1882 that they set about integrating it into the capitalist world system.

"Britain didn't want to give up its influence, not just in Egypt but across the colonial world,"

Dubbed white gold, Egyptian cotton is considered the best in the world because it is strong, durable and soft. In the years preceding the British occupation cotton exports were approximately doubling each year.

Under the British, Egypt was structured to export raw cotton, says Sara Salem, a research and teaching fellow at the University of Warwick in the UK, rather than process it themselves. Creating a dependent economy was a widespread policy pursued by the British and other European countries at the time as they saw the colonial world as a source of raw material they could use to develop their own industries.

Egyptians tried in the twenties and thirties, then in the fifties under the first independent government led by Nasser, to set up their own cotton factories but the British made it very difficult for this kind of development to happen.

"Britain didn't want to give up its influence, not just in Egypt but across the colonial world," says Salem. "It wasn't a matter of just saying we'll leave, a lot of the time they were very violent or very difficult."

Among the most public displays of this came in 1956, on a warm evening in late July in Alexandria when the Egyptian army stormed the offices of the Suez Canal Company, which was owned by the British, and seized and nationalised the waterway. Some 125,000 Egyptian men had died building the canal yet it was the colonial powers Britain and France who were pocketing the revenue.

On hearing the news the British wanted to protect the route to their empire and their investment in cotton and so launched a joint operation with France and Israel to overthrow the Egyptian president. But it didn't work – that year the British withdrew from Egypt.

It was the revolutionary Frantz Fanon who identified the creation of the "native bourgeoisie", a circle of elites who uphold the structure of dependency between coloniser and formally colonised. In the seventies, amidst the spread of neoliberalism, Presidents Sadat and Mubarak fit this description when they

turned towards the US and encouraged foreign capital, says Salem. Both former presidents had half-British wives and around this time affluent Egyptians sent their kids to be educated in foreign language schools.

Britain's legacy in Egypt is not only long and complicated, but it has wide-reaching reverberations today. It's 2018 and the Egyptian economy is still dependent on foreign sources of capital, particularly from the Gulf. In March 2015 then Investment Minister Ashraf Salman announced that Egypt had received \$23 billion from Saudi Arabia, the UAE and Kuwait since Mohamed Morsi was overthrown in 2013. All three countries are deeply opposed to the Muslim Brotherhood.

Egypt's economy is still very dependent on importing wheat and other food products, rather than being able to grow or produce it themselves. Whilst cotton is no longer as big a trade today, other commodities have taken its place like natural gas or oil. "I think you can really trace this dependency back to this moment of imperial expansion," says Salem.

Human rights, and the economy, decline

A browse through the British Foreign Office website reveals reels of press releases detailing meetings between British and Egyptian authorities for the purposes of advancing trade between the two countries.

The year 2015 seems to be particularly important in cementing this relationship – it's the year the government appointed MP Sir Jeffrey Donaldson as trade envoy to Egypt and the year then Prime Minister David Cameron rolled out the red carpet for Sisi's visit.

It's also the year the Egyptian President hosted a mega conference in the Red Sea resort of Sharm Al-Sheikh, offering infrastructure, transportation and water treatment projects to 2,000 delegates from 100 nations with the aim of securing billions of dollars of direct investment.

It worked. Among the contracts signed was a \$45 billion deal with the UAE to fund a new capital city outside Cairo, tipped to be almost the size of Singapore with an airport larger than Heathrow, a building taller than the Eiffel Tower and a theme park six times bigger than Disneyland. Also among the deals signed were gas and exploration projects with BP.

Five months after the conference Sisi sailed down the Suez Canal, waving from

the helm of a naval flotilla at the crowds below. It was the launch of the Suez Canal Economic Zone, his "gift to the world"; an \$8.6 billion project to widen and deepen the waterway with the purpose of attracting additional traffic.

The flotilla and the conference in Sharm were a public promise that Sisi would make good on his pledge to kick-start the economy, a priority for Egyptians. High levels of unemployment and the inability to buy basic commodities like bread drew huge crowds during the 2011 uprising and an economic turnaround was essential to keep the demonstrators at bay.

Yet for all their grandeur, Sisi's projects have flopped. The Suez Canal Zone was supposed to lift annual revenue to at least \$13 billion from the existing \$5 billion but since its inception revenue has actually declined. "It collapsed so quickly it didn't really get any legitimacy," says Sara Salem.

Nothing has really come of Egypt's second capital city, which suffered another setback last year when a Chinese investor pulled the plug on funding. The UAE developer had already quit.

These economic promises have unfolded against a furious pursuit of dissidents, where even a Facebook post against the president could land you in a rat-infested jail. Many believe Sisi's projects are an attempt to promote Egypt as a stable country worthy of foreign investment and steer people away from reports of his prisons, which are filled to treble their capacity with some 60,000 political prisoners.

Having proven himself to be incapable of economic reform, which may have attracted genuine support, Sisi has had to torture and arrest Egyptians into supporting him. The extent to which he is doing this far overshadows Mubarak's 30-year rule; estimates put the number of political prisoners in 2011 at 5-10,000.

Egypt is on Amnesty International's list of top 10 human rights abusers in the world and is the third worst jailer of journalists worldwide. Under Sisi thousands have been forcibly disappeared and kept in grim conditions where they are tortured, denied medical attention and sexually assaulted. They are subject to mass, unfair trials and their lawyers harassed and imprisoned. Sisi has headed a severe crackdown on civilians in Sinai, razing homes to the ground, and targeted the country's Christian population.

A web of legislation has been passed to help quash dissent. The 2015 anti-terrorism law offers such a broad definition of terrorism that human rights

activists and journalists are regularly made to stand trial under it. Their activities are banned, premises closed and assets frozen. Their passports can be withdrawn and cancelled or they could face 10 years of hard labour and a EGP 500,000 (\$28,362) fine.

Under the 2016 press and media law over 400 news and human rights websites have been shut down for allegedly spreading lies and supporting terrorism. The 2017 NGO law has effectively [shut down the operation of some 47,000 associations](#).

Sisi has backed three mass killings during his time in power, all of which were overseen by the military in response to protesters challenging their role in politics. On 8 July 2013 some 61 pro-Morsi supporters were killed as they knelt for dawn prayers, and a week later 37 prisoners were gassed to death inside a police van. [During the Rabaa massacre over 1,000 Egyptians were slaughtered on the streets](#).

In Egyptian history the Rabaa massacre has come to symbolise so much more than the Egyptians who died whilst peacefully protesting the overthrow of their president. As the anniversary rolls round every year, barely mentioned in the press, it is a reminder of the international community's deafening silence when it comes to violations in Egypt. It is also a moment that the intentions of British politicians were laid bare.

Five years ago, as the cameras captured the blood flowing through the streets of Cairo, British Foreign Secretary William Hague said he was "deeply concerned". The statement fell way short of a condemnation that would have matched the severity of what happened that day.

According to Christopher Davidson, an associate professor in Middle East Politics at the University of Durham, it was limp statements like these, issued by the US and UK governments after the coup and the massacre that indicated how they hoped relations between the two countries would pan out. "They were the big clue in public as to how the Western states hoped and intended the Egyptian state to go," he says.

Even though Morsi had been telling the Western countries and the multinationals what they wanted to hear, there had been concern in Westminster that their trade agreements may not be safe: "The prospect of a democratically elected government was not a very reassuring one for international investors in the sense that the predictability of the Sisi administration winning 98 per cent of the vote is

a much better bet for outside investors," says Davidson.

One member of the British establishment who has been instrumental in overseeing the increase in trade is British ambassador John Casson who has said that Britain is "hungry for more" investment. He is not the only one. In 2015 then Middle East Minister Tobias Ellwood said he couldn't remember whether he had raised the issue of human rights with the Egyptian government during a trip he made to Egypt surrounded by a large UK business delegation. He claimed Egypt was taking steps towards a stronger democracy and that UK-Egypt relations were in a very positive place.

According to Jeffrey Donaldson 2016 saw UK investments in Egypt reach \$30 billion which makes it the country's largest foreign investor – instead of using their influence to force Egypt to behave, the UK has awarded Sisi with \$500,000 of investment for every Egyptian locked up for pro-democracy protests or criticising the government.

In 2013 UK exports to Egypt totalled roughly £1.4 billion (\$2 billion). In 2014 that figure rose to £1.6 billion (\$2.2 billion), in 2015 £1.7 billion (\$2.4 billion), reaching almost £2 billion (\$2.8 billion) in 2016. According to the National Office of Statistics, in May 2015 UK exports to Egypt hit a record high.

Human rights violations have not gone entirely unregistered by Britain – Egypt has made it onto the Foreign and Commonwealth Office's list of [countries for concern](#) for a start. But then many of the UK's statements on Egypt contradict themselves. The webpage 'doing business in Egypt' on the Department for International Trade's website lists the drawbacks of doing so. Among them are high levels of corruption and political and social instability.

With such well documented abuses, why has UK trade with Egypt actually increased since the 2013 coup and the massacre, the beginning of the end for so many thousands of Egyptians? As the historian Mark Curtis put it, "the regime's repressive rule is creating good conditions for furthering British investment".



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Sisi speaks at the opening session of the Egypt Economic Conference in Sharm Al-Sheikh

British investment grows

Last year the UK officially invited Egypt to the Defence and Security Equipment International, one of the world's largest arms expositions. It's a lavish affair subsidised by the British taxpayer where military personnel, politicians and private defence contractors rub shoulders and browse sniper rifles and combat warships. Egypt also received an invitation in 2015, but was not on the 2013 guest list.

Since the 2013 coup Britain has actually licensed £123 million (\$172 million) worth of arms to Egypt, whereas in the four years preceding it they licensed £76 million worth (\$106 million).

In terms of arms sales to Egypt there's certainly been an overall increase since the Sisi coup indicating increasing political closeness", says Andrew Smith, media coordinator for the London based Campaign Against the Arms Trade (CAAT).

"In terms of arms sales to Egypt there's certainly been an overall increase since the Sisi coup indicating increasing political closeness"

"It was at the end of 2015 that General Sisi visited the UK and got the full red carpet treatment," he adds. "Since then there's been regular meetings with arms on the agenda."

This isn't just about arms, says Smith. It's about buying political support: "When you sell another government the means to kill then that's a pretty big statement of trust and it's an endorsement which they can carry onto the world stage.

"I think they're keen to get the UK's political support and I think the UK's keen to sell because the UK has a long and glorious history of selling weapons to human rights abusing regimes around the world so it's no surprise that they would sell them to Egypt despite the ongoing crackdown."

In 2011 UK tear gas was used against pro-democracy protesters during Egypt's Arab Spring, recalls Smith, so it's worth remembering that these weapons have a long life span and we don't know how they will be used in the future: "The weapons that are being used today could be used for atrocities for years and years to come."

Since 2013 there have been efforts to suspend these arms sales as a way to

try and push Egypt to behave with integrity, but they have been tentative. That year the EU supported an arms embargo against Egypt, however it was weak because it was entirely voluntary.

As Smith argued in "Arms sales to Egypt: when rhetoric overtakes reality," the embargo was not legally binding, was open to the interpretation of individual states, did not set time limits or have clear definitions for suspension and equipment.

As a result in August 2013 the UK suspended 49 licenses, yet lifted this suspension just two months later. Only seven were ever fully revoked. According to Amnesty, in 2016 the UK was one of 12 EU member states who have stayed among Egypt's main suppliers of arms and policing commitment.

Robert Springborg, scientific advisor of the Italian Institute of International Affairs in Rome whose book "Egypt" came out late last year describes the human rights crisis that exists in Egypt as an "inconvenience" for the British government who have been "vigorously pursuing deals in the gas sector" as if there are no violations taking place in Egypt.

"The fact that the British government has done so little in regard to the torture and death of one of its students clearly at the hands of the intelligence service speaks of that. That their eye is on security and economic return," he tells me.

It is roughly two years ago that 28-year-old Giulio Regeni was found dumped on a highway between Alexandria and Cairo, his naked body bearing the familiar marks of torture known to be a common technique of the Egyptian security forces.

Following his death all eyes were on the Italian authorities – a young man from Fiumicello in north-east Italy had clearly been tortured for daring to research Egypt's independent trade unions. Would this finally mean that a European country would rethink their relationship with Egypt?

Rome and Cairo agreed to a joint investigation and Italy initially withdrew its ambassador. But where was the UK? Regeni was, after all, a British student. He had first studied for a BA in Arabic and politics in Leeds in the north of the country before moving on to a doctorate in development studies at Cambridge, where he focused his attention on trade unions.



Candlelight procession for Italian student Giulio Regeni who was murdered in Egypt

Despite the brutal way in which he died the UK remained silent over Regeni's death for two months. But his supporters were not going to let it go – pressure mounted through a petition circulated by his friends and colleagues that was signed by over 10,000 people, calling on the British government to do something. They demanded *verità per Giulio Regeni* and united under the hashtag #whereisgiulio.

A lukewarm statement emerged. The government were “appalled” and promised to raise the matter with the Egyptian authorities. Then, roughly two weeks after Regeni was recovered from a ditch, trade envoy to Egypt Jeffrey Donaldson made a week-long visit to Egypt and declared that “Egypt is a land of real opportunity for British companies”.

Eleven days after that John Casson asked his Twitter users what his priority should be ahead of a visit by five British MPs to Cairo. Tourism, currency, terrorism, political reforms were offered as options but not human rights. That's the same John Casson who in June 2015 told the Daily News Egypt that “tough security measures” in Egypt are essential for “long-term security”.

When it comes to leverage over Egypt and preventing atrocities like Regeni's murder, suspending weapons deliveries just doesn't cut it. The weapons held back after the 2013 coup and following Regeni's death were showcase weapons which give the appearance Egypt is on good terms with other states, says Springborg. They were not vital weapons, which ultimately renders the whole process meaningless:

“It's not as if they're being used. The vast majority of the main battle tanks are in storage, the 240 or so F-16s are semi-operational, and it goes on with most of these big ticket items. Egypt cannot maintain the F-16s or the battle tanks, I suspect they won't be able to maintain the Russian MiG-29s or the French Rafales. They're symbolic of Egypt's power but they're not of significant force projection capacity.

“The government of Germany or the UK or the US can look like they're being very good fellows by withholding – as the Italians did – some arms shipments, weapons or ammunition, but in reality it doesn't really mean anything, it has no impact on what Egypt is doing. The main thing is counter-terrorism and no one has suspended any of the equipment intended for counter-terrorism. As we know this counter-terrorism campaign is being conducted in a very crude and heavy handed fashion and yet no one's suspended any of the equipment being

used in it.”

What would really be effective, says Springborg is applying economic pressure: “That would be very direct and very immediate.”

In January this year Egypt's Finance Minister Amr El-Gahry announced that Egypt had paid \$200 million in arrears to international oil companies, with further instalments due in February, then March, with the view to clear their \$2.4 billion debt by the summer of 2019.

This debt, which accumulated over a period of 10 years, started to spiral when Egyptian consumption of natural gas increased, exceeding domestic production. To solve it the country bought shares from foreign partners and imported gas from abroad. Egypt, which at one point exported gas to Israel and Jordan, became a net importer.

Global oil prices rose, and then the January 2011 uprising took its toll on the economy and intensified the problem. With no confidence in the Egyptian market, maintenance of the existing fields stopped and production fell.

Clearing their arrears was made possible thanks to a \$12 billion loan from the IMF, of which [some \\$3.6 billion](#) was set aside for this purpose. NGOs and political parties opposed the loan on the basis that the austerity-based policies it set out for Egypt, like devaluing the Egyptian pound by 48 per cent and lifting state subsidies on electricity, would intensify poverty and inequality. Others called on the IMF to condition the loan on the government's respect for the rights of its citizens.

They didn't and the loan went ahead. With this burden off their shoulders the Egyptian administration were able to offer a second round of contracts on terms that were attractive to British Gas, then BP and also the Italian oil giant Ente Nazionale Idrocarburi (ENI), which is producing from the offshore gas field Zohr located in Egypt's section of the Mediterranean Sea.

Years of debt and decreased production had made people wary and to attract investment Egypt had to offer favourable returns on gas exploration and development. According to an investigation by Mada Masr, in the first decade of Zohr's production ENI will sell 58.6 per cent of the production yield to the Egyptian government at a rate of \$4-5.88 per British thermal unit (MBTU).

As the result of years of haggling BP has secured a deal on its second deepest well in Egypt in which they will sell 100 per cent of the gas produced by two offshore blocks to the Egyptian General Petroleum Company (EGPC).

In Egypt, traditionally, the foreign investor's share stands at between 20-30 per cent.

"The profit motive is a very serious one for the Brits and for the Italians and it's a profit for those companies and the exchequer because they're taxed," says Springborg. "I think that card has also played at the Cairo end, that it sweetened the offers it was given on leasing fields, not just to rekindle the interest of oil majors in Egypt but also to gain the support of the governments."

"So the two things went together and they crossed over, money or politics, politics or money, and both of them pointed in the direction of London or Rome coming to terms with Sisi, signing the contracts, forgetting the human rights."

Former Egyptian MP Hatem Azzam, believes the BP deal cost the Egyptian people \$32 billion and only benefits members of the deep state:

"The implementation of such amendments is a vigorous pursuit of the Sisi-Mubarak authority to carry on the process of stripping Egypt of its natural gas wealth in favour of small groups adhering to this corrupt tyrannical authority, at a time when the Egyptian state and its people are suffering from a clear and unmistakable shortage in natural energy resources," he wrote in a December 2014 press statement.

Azzam accuses the President of BP of giving tens of millions of dollars' worth of donations to institutions founded by Suzanne Mubarak for projects which claimed to support disadvantaged women and children but which he alleges were simply a cover for money laundering.

The Egyptian people get poorer, the government gets richer

Just over three years later and Azzam's comments lie at the heart of the issue with British foreign investment in Egypt: whilst the British and Egyptian governments are benefiting, very little is trickling down to the Egyptian people.

Western governments have a lot to gain from the revenue generated by oil

companies. In 2016 BP paid \$3.8 billion in tax to the UK government and \$84.6 million worth of taxes to Egypt.

BP has invested some \$30 billion into Egypt over the last 55 years, which makes it one of the country's largest foreign investors. It's not just BP. In the financial year of 2015/16 Vodafone paid Egypt \$166.4 million in direct tax contributions. Yet how much of this has been used to fund roads, schools and provide basic services for ordinary Egyptians and how much has been kept by a circle of wealthy elites at the top?

BP has invested some \$30 billion into Egypt over the last 55 years, which makes it one of the country's largest foreign investors

Commenting on the BP deal, Christopher Davidson says it doesn't seem to have been made in the interests of the Egyptian people but in the new administration's international relations:

"Since 2013 there's a clear pattern of British and other Western politicians essentially turning a blind eye or in other cases essentially openly stating their support for the new Egyptian regime in return for their country or rather their multinationals in their country having a chance of getting a foothold in the new Egypt," he says.

Western multinationals have taken the view that the only way the Egyptian economy can grow is with considerable direct foreign investment which will reach the average Egyptian in the form of employment for example, says Davidson.

"That's all well and good on paper but the story for most of the Arab world is just that it didn't work. If we look at the Mubarak regime or the Ben Ali regime in Tunisia all that really happened were a circle of business elites were becoming rich as essentially the intermediaries between foreign capital and the Tunisian and Egyptian states.

"So we ended up with a layer of crony capitalism emerging around the presidential family and after many years no real improvement in the standard of living for the average Egyptian or Tunisian. This time round it's very difficult to see how it will be any different," he says.



Egyptians celebrate the news that Hosni Mubarak has resigned amidst the 2011 revolution

It's been seven years since the Egyptian uprising – long enough for members of the ancien regime to have made their comeback but not quite long enough to have forgotten a time when it seemed they would pay for their years stealing from the Egyptian people. Egypt's former Oil Minister Samih Fahmi and businessman Hussein Salem were two members of the old guard caught up in this anti-corruption purge, each sentenced to prison for their role in supplying Israel with natural gas at way below market prices.

Their company Eastern Mediterranean Gas was buying gas from Egypt at \$1.50 per MBTU, then selling to Israel at \$4.50 with Fahmi, Salem and others pocketing the difference. Salem – also known as the father of Sharm Al-Sheikh for the huge hotels he funded there – was a former advisor and ally of Mubarak and bought the former president's acquiesce in the form of bribes.

An Al Jazeera documentary on the deal [calculates that in 2008 Egypt made just under \\$1 million](#) when it could have made \$770 million. In total, Egyptian prosecutors estimated the deal had lost Egypt more than \$11 billion.

The public were furious and the pipeline delivering gas from Egypt to Israel and Jordan was bombed multiple times after Mubarak stood down until the Egyptian army put an end to the gas flow. But as is too often the case in Egypt's history, the joy that Fahmi and Salem would be held accountable was tempered by the brevity of justice. Salem has since been acquitted and Mubarak's lawyer has said he had no role in the deal.

Almost a decade later Hisham Geneina, former head of the Central Auditing Organisation, Egypt's anti-corruption agency, publicly stated that government officials squandered more than \$67.6 billion over four years. Sisi's response to the revelation was a clear indication that he would do no more to crack down on corruption than his predecessor had – he sacked Geneina and promised to prosecute him for disturbing public peace and spreading false news.

According to the Central Agency for Public Mobilisation and Statistics (CAPMAS), Geneina's estimate was short of a few million dollars. They put the figure officials had squandered at closer to \$25 billion annually. In 2015 Egypt scored 88 out of 168 on Transparency International's Corruption Perception Index and in 2016 they slipped even further down the list, landing at number 108. In 2017 they hit 117.

Corruption affects the poorest parts of society and despite investment deals by BP and Vodafone, Egyptians are getting poorer. In 2013 26.3 per cent of

Egyptians lived below the poverty line and in 2015 that figure rose to 27.8. That same year it was predicted this figure would reach at least 35 per cent in 2017. Many Egyptians complain about the rise in prices and how milk, meat, bread, rice and even falafel are now very expensive.

On their part the British government are totally indifferent to the fact that corruption and poverty are rising in Egypt: "For Western governments, their outward policy is very much led by trade and investment," says Davidson.

This is at the very core of Western interests in the Arab world," he continues. "History teaches us that trade can never be put on the back burner while human rights and genuine efforts at political reform are put to the front. It's very rare that that happens, if ever. What we're seeing really, with the recent lack of condemnation for the 2013 massacre and Regeni's death and so on, is business as usual.

"History teaches us that trade can never be put on the back burner while human rights and genuine efforts at political reform are put to the front."

Permanent Under-Secretary of the FCO Simon McDonald is on the record admitting as much: "I would dispute that it is low down, but I would not dispute that right now the prosperity agenda is further up the list," he commented in 2015 when asked where human rights sits on the Conservative list of priorities.

In 2017 the British government faced calls for transparency over £2 million (\$2.8 million) it paid in aid and defence funding to security projects in Egypt, including support for policing, the criminal justice system and the treatment of juvenile detainees. The money was granted to Egyptian authorities through the conflict, stability and security fund (CSSF).

The same year the UK's Defence Senior Advisor for the Middle East, Lt General Tom Beckett, [visited Cairo](#) as part of a long line of meetings aimed at expanding joint UK-Egypt military training. The Egyptian military has been at the centre of debates over human rights abuses in Egypt. Pro-democracy supporters are often tried in military courts, fired upon by the military, censored and killed.

According to the NGO Transparency International, Egypt's defence budget – which it loosely estimates to be \$4.4 billion – is classified as a state secret. In June 2015 the Egyptian MOD issued decree number 68 which meant that military facilities, including clubs and hotels, didn't have to pay real estate tax. As

a result their profits are not subject to review.

Estimates of the share of the Egyptian economy the army controls range from anywhere between 40 and 60 per cent, though given the lack of transparency it's very hard to get an accurate figure. It owns factories producing flat-screen televisions, pasta and fridges and owns restaurants, football stadiums and hotels.

It was Mubarak who first placed officers at the centre of this empire, offering privileges in the form of tax breaks and placing them outside the system of parliament, auditing agencies and civilian courts which would otherwise hold them to account. In exchange he won their loyalty, which would make them less likely to revolt. But what does this mean for the average Egyptian person?

"The economic implications are massive, it creates a huge barrier to economic entry for ordinary Egyptians for businesses that aren't run by the military," says Leah Wawro, corruption, conflict and insecurity programme manager at Transparency International's Defence Team, "because of the kind of benefits that military-owned businesses are provided with. It's safe to assume that military-owned businesses are not paying the same form of tax."

On top of this the army have a source of free labour in the form of conscripts. "Officially that's private gain from the public good of having troops," says Wawro. "It acts as an enabler for unaccountable defence spending because the assets gained from those business activities are not made public, they're not reflected in the national defence budget or even in the national budget so if you're an Egyptian citizen you don't really have a way of understanding where the financial flows go and how they're being used."

This is also a question of public trust: "If you're an Egyptian citizen you might not know who runs certain institutions and for what end," says Wawro. "Troops should be used for protecting the state, for citizens, and not for the economic benefit of a few people."

With free labour, political influence and exemption from taxes and customs duties the army's factories can produce up to 80 per cent of output of a certain material, forcing competitors to close and ultimately helping fuel the unemployment crisis, rather than solving it.

This is just one reason the army in Egypt are widely accepted to be the mightiest force in the land, a fact that became public knowledge in 2013 through the role

they played in ousting Morsi through a military coup:

"The army has such power that when it looked like their interests, their political and financial interests, were at risk they were able to stage a military coup. This is something that is kind of a system that developed over time that has become self-sustaining, the hugely unaccountable funds that come in are part of contributing to the power that the military has and the power that the military has contributes to their ability to play such an important role in the economy and it does also offer them some political power," says Wawro.

"The army has such power that when it looked like their interests, their political and financial interests, were at risk they were able to stage a military coup"

With this in mind the UK's relationship with the Egyptian armed forces is highly questionable, particularly since after he took over Sisi appointed several former generals to key positions in the government and has since forcibly ousted his opponents. "Whose interests are these governments operating in?" asks Wawro. "It's pretty clear that in the case of Egypt they're not operating in the public interest. So that should be one of the questions driving UK policy."

But it is very clear that the British government is not asking these questions, and the Egyptian regime is well aware of this:

"Egypt has made the assessment that the US and Europe have no stomach to force Egypt to behave," says Robert Springborg, "and that they can do whatever they like. They're correct and it speaks of a complete and utter lack of effective leadership in Washington or Brussels."

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