
From: sbwhoeop [redacted]
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CONFIDENTIAL

April 7, 2011

For: Hillary
From: Sid
Re: Egypt: Army/Muslim Brotherhood

Latest report:

As of the morning of April 7 individuals with access to the senior officers of Egypt's Supreme Council of the Armed Forces (SCAF) stated in strict confidence that the Council's Chairman and Egypt's current head of State, Field Marshall Mohamed Hussein Tantawi and his closest advisors maintain a discreet/secret dialogue with the Muslim Brotherhood (MB) as they move forward with plans to hold parliamentary and presidential elections in September-November 2011. Tantawi believes that maintaining a discreet relationship with the MB will help him address his main concern: that the numerous pro-democracy groups that emerged during the protests against former President Hosni Mubarak will not be satisfied with any political development short of the early removal of the SCAF and the establishment of a new government.

In this regard, these sources state that the leaders of the SCAF believe that the MB is an established institution interested in gaining a substantial role in governing Egypt through an orderly, staged transition from military to civilian rule. To this end MB officials have informed the SCAF that they are in the process of organizing a civil political party to take part in the upcoming elections. While Tantawi sees the irony in the SCAF finding a degree of common interest with their old enemies in the MB, he and his staff are impressed by the performance of Sobhi Soleh, the MB representative to the committee drafting constitutional amendments, and believe they can use him to maintain a discreet level of cooperation which will help the SCAF maintain political order as the elections approach. They are also encouraged by the MB decision to concentrate on parliamentary elections and not run a candidate for president.

At the same time, Tantawi has instructed the commanders of military intelligence to monitor Soleh's activities, as well as those of the more conservative MB figures, particularly their leader and Supreme Guide, Mohammed Badie. The main concern of the SCAF leaders is that the MB will begin working with more violent Islamist groups, including the various al Qa'ida affiliates. Egyptian military intelligence is aware of the fact that these contacts exist, but believe that the MB, under the influence of Soleh and the other moderates, is carefully controlling its contacts with these radical/terrorist groups, in an effort to avoid providing the military with an excuse to move against them.

(Source Comment: A particularly sensitive source with access to the highest levels of the MB, including Badie, stated in private that the relationship between the MB, al Qa'ida, and other radical groups is complicated, and at this time even the conservative members of the MB believe they must control these contacts in an effort to avoid losing the unique

opportunity to gain a real voice in Egyptian politics. These sources also note that the MB leadership realizes that the presence of foreign firms is important to Egypt's economic future, and they do not want any uncontrolled terrorist activity frightening foreign investors. This is another point where the MB and the SCAF share a common interest.)

According to these sources Tantawi intends to hold the delayed parliamentary election as announced in September 2011, but will wait until August 2011 before making a decision on the November time frame for the presidential vote. Tantawi will also reserve the right to delay the presidential election for up to a year if there is violence or other disruptions during the parliamentary vote.

According to this individual, Tantawi was pleased with the success of the March 19/20 vote on Constitutional amendments, but is concerned by the demonstrations being carried out on a daily basis by a variety of factions impatient with the progress of democracy since the departure of Mubarak in February 2011. During their secret meetings with Sobeh, Tantawi's officers were surprised to learn that the MB had no objection to the delay. According to these individuals, Sobeh warned that the secular pro-democracy forces are becoming increasingly nationalist in nature. The MB believes that if these groups are able to organize an effective political organization and gain control of the Egyptian government in the upcoming elections, they will move to increase the level of government involvement/ownership of private foreign firms.

These sources add that the postponement of the election was the result, in large part, of the concerns of the Coptic Christian community, and the secular pro-democracy movement both of whom believed that early elections would benefit the larger and better organized political structures of the MB and the National Democratic Party (NDP), which still represents the interests of the SCAF and the military in general. SCAF officials were particularly surprised by the willingness of these groups to allow both elections to be delayed without serious incident. By the same token, the leaders of the military are still concerned that these protestors will react negatively if the elections must be delayed further, suspecting that it is a plot by the military to maintain power.

(Source Comment: Sources in both the SCAF and the MB believe that the amendments to the constitution approved in March do not satisfying the demands of the pro-democracy protesters because there are still no structures established to oversee the actions of the President. Moreover, the President will maintain the power to rule by decree (Article 112). The amendments also retain the requirement that 50% of parliament must represent farmers and laborers, a socialist construction that many analysts argue is incongruent with Egypt. Finally, no steps were taken to establish a program to guard against voter fraud, which has been rampant in past Egyptian elections.)

According to knowledgeable individuals, the SCAF is determined to manage the formation of new political parties, and on March 28 issued a Law to govern the establishment and performance of these parties (law no. 12 of 2011, amending a statute that was issued in 1977.

The major points set forth in this new law are:

- rules maintaining the ban of religious parties

- oversight of the establishment of new parties through "conditioned notification" The existing Law 40 created a "political parties committee" to regulate the establishment and operation of political parties; under its tutelage, parties languished for years at the mercy of the committee chair, NDP former secretary general Safwat al-Sharif. The new Law 12 retains the committee, but has changed its makeup to members of the judiciary, several of whom will be chosen by judges who are executive appointees.

- withdrawal of government funding for parties

The Muslim Brotherhood welcomed the new law because they intend to form a civil party that meets the demands of this legislation.

In the opinion of senior MB officials, Egypt is in the beginning of a "purification" process. The military-led government is purging and prosecuting former Mubarak regime functionaries including Minister of the Interior Habib el-Adly and four of his deputies (indicted for killing protesters during the Tahrir Square demonstrations). Up to this point, members of the Mubarak regime are being charged with financial corruption and illegal profiteering, rather than murder and torture.

The former Minister of Interior is also facing accusations of money laundering; the former Minister of Tourism is accused of embezzling government funds.

According to an unconfirmed report, former Minister of Finance, Yousef Boutros Ghali, will be arrested in the near future for allegedly withdrawing large sums from government accounts to illegally finance Mubarak's political activities and

personal life. In addition, Ahmed Ezz, the steel magnate has been arrested in Cairo. The same sources stated that former President Mubarak and his family are under a low key form of house arrest while these cases move forward.

A warrant was also issued for the widely respected, Rachid Mohamed Rachid, who is very close to Mubarak's son and former Minister of Industry and Trade. Rachid was charged for illegally amassing funds abroad. He left the country prior to his arrest and remains in Dubai.

(Source Comment: According to knowledgeable individuals, the longer these purges run, the more difficult it will be for Egypt to attract foreign investment and resume normal economic activity. These sources believe that difficult times lie ahead for Egypt, and the state cannot afford to eliminate all of the skilled technocrats and entrepreneurs who profited under Mubarak.)