CONFIDENTIAL

March 13, 2013

For: Hillary

From: Sid

Re: Morsi now

SOURCE: Sources with access to the highest levels of the Muslim Brotherhood in Egypt, The leadership of the Armed Forces, and Western Intelligence, diplomatic, and security services.

1. In the first week of March 2013, Mohammed Badie, the Supreme Guide and leader of the Egyptian Muslim Brotherhood (MB) stated in a private conversation that while ongoing unrest in the country is worrisome he believes that President Mohamed Morsi will remain in power for at least the next year. Badie noted that he has always considered Morsi to be a difficult and stubborn person, but at this time these traits will serve him well. Despite the controversies complicating life in the country, Morsi remains unshaken and confident that he is supported by up to sixty (60) per cent of the population, including the majority of the rank and file troops in the army. Badie added that he also believes that the secular/liberal opposition will never accept Morsi, and the current unrest will continue, with the opposition boycotting elections, which will complicate the process of drafting a new constitution, and in turn will harden the resolve of all sides in the political debate over the new Egypt. Morsi is capable of moving away from a controversial policy, if it undercuts his authority, but Badie is convinced that he will never relinquish power because of political pressure.

2. (Source Comment: According to this individual, Morsi’s Freedom and Justice Party (FJP) conducts regular polling that reassures him regarding the level of support. For his part Badie noted that although the President has decided to appeal the Supreme Constitutional Court decision to delay the national elections, planned for April 2013, until the election law can be redrafted, he believes that this development actually works in his favor. In the opinion of this source Morsi and his closest advisors are convinced that holding the election later in the year will allow them to gain some control over the security situation, while making tough decisions without interference from an aggressive parliamentary opposition. In this regard they are counting on an influx of money from the United States and the International Monetary Fund (IMF) to lead to an improvement in the Egyptian economy later in the year.)

3. In a confidential discussion Badie added that Morsi is working to develop policies to meet the conditions required to finalize a $4.8 billion loan package from the IMF. Badie believes that this agreement will also lead to the release of much of the $1 billion in assistance promised by the United States in 2012. He added that the President interpreted the U.S. Secretary of State’s statements following his recent visit to Cairo as indications that the U.S. government recognizes that the Morsi regime is working in good faith to reach an agreement with the IMF, and that this course offers the best chance for stability in Egypt. According to this source, Morsi recognizes that the U.S. expects him to take steps to strengthen the economy and build political unity. He was particularly pleased to learn that the U.S. will release $190 million of the initial $450 million portion of the U.S. pledge. Badie added that Morsi felt that he and his team had convinced the U.S. delegation that these funds were needed to allow planned reforms to go forward, and that the various opposition leaders do not offer credible alternative solutions. The release of the rest of the $450 million and the other $550 million tranche promised by the U.S. government is tied to the success of the promised reforms.

4. Speaking separately, an extremely sensitive source stated in confidence that Morsi was also pleased when U.S. diplomats announced a pledge of $60 million for a new fund for direct support of democratic change, including Egypt's entrepreneurs and its young people. Morsi stated in private that he and the FJP are not worried that these funds will benefit secular/liberal opposition parties, noting that the payment shows confidence in the future of Egypt. Morsi added that even with extra funds these opposition parties cannot match the infrastructure of the FJP in preparing for elections.

5. (Source Comment: This individual, speaking on condition of absolute secrecy, added that Army commander General Abdel Fatah al-Sissi continues to support Morsi during this period. Al-Sissi recognizes that Morsi elevated him to his current position, and, unless the security situation is completely out of control, this individual believes al-Sissi will stand behind Morsi. For their part, Badie and his advisors were concerned by press reports and rumors in the diplomatic community that the army might respond to calls from the opposition to overthrow Morsi. Although they continue to watch the military, these MB officials now believe that al-Sissi is not prepared to take any such action. The Supreme Guide noted that in dealing with the rioting in Port Said Morsi backed away from plans to give the army a greater role in civil government and activities normally reserved for the police, a move that was opposed by al-Sissi and his staff. This individual believes that the visit by the new United States Secretary of State served to reassure the General regarding Morsi’s future. Although the US delegation reached out to the opposition National Salvation Front (NSF) and seemed to lecture Morsi on democracy, the idea that the meetings took place, and the U.S. then released money previously pledged to Egypt, actually strengthened his position with the military. According to this source, the fact that much of this aid will benefit the military was welcomed by al-Sissi’s staff. At the same time they noted that the security services expect to purchase new equipment, including a substantial number of tear gas canisters for riot control.)

6. In a separate conversation Badie noted that NSF leader Mohamed Mustafa el Baradei continues to appeal to a coalition of secular/liberal groups, giving Morsi an advantage with the majority of the population that supports a moderate Islamic government. He added that former Vice President, and the current Egyptian Ambassador to the Vatican, Mahmoud Mekki, assured him that the NSF could not organize a serious national electoral threat to the Morsi regime, and can be expected to boycott any future elections in an effort to invalidate the FJP’s efforts. Mekki stated that in his opinion el Baradei’s ultimate hope is that the security situation continues to deteriorate to a point where the military and other concerned parties turn to him to assume power as a compromise candidate. Mekki and Badi agree that, in their opinion, el Barradei does not have enough support in the Islamist community to make this feasible, pointing out that he does not appeal to either MB supporters, or members of the al Nour movement and other Salafist groups.

7. (Source Comment: In the opinion of an extremely sensitive source, al-Sissi continues to support Morsi, even as he anticipates continued unrest among opposition political groups. The General stated in confidence that these groups will build on regional and ethnic unrest, pointing out that the current rioting in Port Said is related to soccer violence. Al-Sissi did advise Morsi to resist calls to declare martial law in Port Said, noting that this is a dangerous course coming so soon after the revolution that overthrew former President Hosni Mubarak, who ruled under a military state of emergency. He did agree with the President that the army should support police operations in Port Said and remain prepared to take action if rioting threatens the Suez Canal. That turn of events would be a threat to national security and the General agreed the army should then be called in to protect the Canal. Al-Sissi added that some of the rioting seemed to threaten the canal but that condition had subsided for the present.)

8. Regarding el-Baradei, according to a sensitive source, al-Sissi continues to use the resources of the Military Intelligence Service (MI -Mukhabarat el-Khabeya) to monitor the activities of the NSF leader and his senior advisors. Al-Sissi plans to keep track of these individuals in an effort to protect the current government, while keeping himself informed of any increase in their popularity and influence. He is particularly interested in following how the activities of these individuals affect the status of the army and its senior officers. According to this sensitive source, al-Sissi’s stance against increased military involvement in police activities is supported by General Ahmed Wasfi commander of the army division in Port Said. After consultations with al-Sissi, Wasfi rejected calls for a return to direct military rule in the Port Said region. This source added that the military is playing a role in the security in Port Said and other canal cities, but under the authority of the civilian government.