

Freedom and Justice Party Views Regarding Egypt's IMF Loan



Translation of the FJP Statement Text:

- First: the Freedom and Justice Party (FJP) recognizes that Egypt has inherited a heavy legacy of economic challenges, such as the budget deficit which stood at 170 billion Egyptian Pounds (almost US\$29 billion) at the end of June 2012, a deficit in current trading balance, widespread corruption in state institutions, and worn out state facilities that provided services to citizens. Moreover, it is expected that budget deficit, this year, will top 135 billion Egyptian Pounds (US\$23 billion). Furthermore, it is expected that public debt will be 1.4 trillion Egyptian Pounds. In turn, this will cost the general budget more than 130 billion pounds in interest annually. Evidently, the commitments inherited by Egypt far exceed the credit facilities afforded by the International Monetary Fund (IMF) loan. The FJP, therefore, believes that there is an urgent need for serious reforms to correct Egypt's economic path, in order to address structural problems afflicting the Egyptian economy. These reforms are indeed a necessity, whether Egypt reaches an agreement with the IMF or not. Hence, the FJP urges the government to tell the Egyptian people the full facts about the economic and financial situation inherited from the previous government.
- Second: The FJP does not take a negative attitude towards the IMF or other international institutions; but we believe that cooperation between the Egyptian government and those institutions must be based on clarity, transparency and maintaining Egypt's reputation and credibility. We also recognize the importance, in the international arena, of agreement with the IMF, and that it will boost the confidence of world powers and institutions in the Egyptian economy, which will reflect positively on the country's development and progress.
- Third: The FJP believes that Egypt has the right to use IMF credit facilities. But that must not mean a stop to structural reform of the Egyptian economy. This requires deliberate steps, such as reforming the subsidy system, reducing the budget deficit, rationalizing government spending, and developing the Islamic Sukuk (bonds) market

as a means of finance, as well as other needed reforms.

- Fourth: The FJP is aware that a loan agreement between the government and the IMF will only be possible through a reform program that will affect the future policies of the Egyptian economy. Therefore, the FJP believes that approval of the IMF loan terms must be based on Egypt's best interests.
- Fifth: The FJP further believes that any obligations or commitments in the light of the economic reform program, which must be provided by the Egyptian government as a 100% Egyptian national program, must be compatible with Egypt's economic interests and must not negatively impact low-income citizens.

Moreover, the government should announce these commitments to the people in order to gain the trust and support of both the FJP and the people.

- The FJP affirms that this is the same position it has always taken towards international institutions since the beginning of negotiations with the IMF. The FJP never rejected IMF financial facilities per se, but tied the matter to the higher interests of Egypt and its economy.