

**FOURTH MEETING OF  
THE EU-EGYPT ASSOCIATION COUNCIL  
(Luxembourg, 28 April 2008)**

**Statement of the European Union**

1. The European Union warmly welcomes this **fourth meeting of the EU-Egypt Association Council**. Egypt is a key regional partner of the EU in the Mediterranean and the Middle East. The EU and Egypt share common values, interests and concerns and are committed to achieving the same goal: creating peace and stability in the Middle East. This meeting is an important opportunity to build on the very considerable achievements of the last Association Council. The EU looks forward to holding an open and fruitful exchange.
2. One year ago, the EU and Egypt jointly adopted an **EU-Egypt ENP Action Plan** which aptly reflected the breadth and depth of our shared values and interests. This document provides a framework for technical cooperation in a variety of fields, for the enhancement of our trade relations and for a wide-ranging dialogue on political, economic and social issues. The goals and commitments enshrined in the Action Plan reflect the Egyptian government's own priorities for reform and development.
3. While the **Euro-Mediterranean Partnership** allows the EU and its Southern neighbours to build bridges of dialogue and cooperation at regional level in the political, economic, commercial, social and cultural fields, the **European Neighbourhood Policy** provides an important complement to the longstanding regional dialogue and integration carried forward in the context of the Euro-Mediterranean Partnership, allowing our cooperation to take account of the different needs and circumstances of each partner country. The progress already achieved under the ENP, even in sensitive areas, has confirmed the great potential of this

long-term policy. In March 2007, the Council expressed its support for a proposal to enable ENP partners to participate in Community agencies and Community programmes on their merits and where the legal bases so allow.

4. Since 1 January 2007, the bulk of our cooperation has been funded under the **European Neighbourhood and Partnership Instrument (ENPI)**, a considerably more flexible instrument than its predecessors. Funding criteria are more targeted and follow a performance-based approach, the goal being to offer the strongest cooperation to those countries which are particularly keen to reform. The Governance Facility takes into account the levels of progress achieved by partner countries in implementing the governance priorities agreed in their Action Plans. Other cooperation instruments (human rights, nuclear safety, as well as thematic programmes) are also available for ENP partners. These grant resources are complemented by loans provided by the European Investment Bank in the context of the new lending mandates including through the enhanced FEMIP. The Neighbourhood Investment Facility under the ENPI was newly established to support lending to ENP partners for projects of common interest focussing primarily on energy, environment and transport.
5. our last Association Council established **eight Sub-Committees and one Working Group** in the framework of our Association Agreement. They are charged with managing and monitoring the various areas of cooperation provided for by our joint Action Plan. Four of these subcommittees were convened in 2007, namely those covering **Industry, Trade, Services and Investment; Transport, Environment and Energy; Information Society and Audiovisual, Research and Innovation, Education and Culture, and Justice and Security**; as was the **Working Group on Migration, Social and Consular Affairs**. These meetings brought together experts and officials from the EU and the Egyptian administration in the first ever round of technical discussions aiming to set priorities for implementing Action Plan commitments. The meetings allowed both sides to explain existing and planned

policy developments, and to map out specific deliverables related to Egypt's reform agenda. Four subcommittees have yet to be convened, namely **Political Matters; Human Rights and Democracy - International and Regional Issues; Internal Market; Agriculture and Fisheries;** and **Customs Cooperation**. The EU is confident that it will be possible to convene all the remaining subcommittees in the coming months before the meeting of the Association Committee.

6. In order to develop dialogue and relations between the EU and Egypt and to assess progress made on setting in motion the Action Plan and sub-committees, the EU also looks forward to convening the **Association Committee** later in the year.
7. The EU and Egypt are committed to promoting and protecting human rights and individual freedoms. **Respect for human rights and fundamental freedoms, democracy, the rule of law, good governance and international law** is an essential element of our Association Agreement as set out in Article 2, and represents part of the common acquis in the framework of the Barcelona Process, and will also guide relations in the framework of the European Neighbourhood Policy. Through the ENP Action Plan and the subcommittee on political matters, special attention will be given to the promotion and upholding of those values. The EU is ready to contribute to Egypt's efforts, inter alia by providing support and technical assistance as detailed in the jointly agreed Action Plan.
8. In this respect, the EU welcomes the readiness of the Egyptian Government to hold a **dialogue on human rights and democracy** issues. Dialogue is a two-way process between equal partners able to raise issues of shared concern in an open and comprehensive manner. The EU looks forward to developing this dialogue in the sub-committee created - inter alia - for this purpose. In a spirit of respect and cooperation, the EU will seek to identify with the Egyptian authorities areas where it may provide practical support for the furthering of Egypt's own reform measures, notably in the area of the judiciary, civil society, police procedure and individual rights for men and women alike.

9. The holding of free and fair elections in accordance with all international standards is key to progress towards a more democratic society. The EU followed closely the **local elections** of 8 April 2008, which were held in accordance with the constitutional amendments of March 2007. While the holding of local elections is in itself positive, there are a number of concerns over serious shortcomings in the electoral process. The EU encourages the Egyptian authorities to review the electoral framework with a view to bring into line with international standards, including the right to stand as a candidate. The EU is ready to provide assistance in this regard as provided for in the Action Plan.
  
10. The EU is closely following developments regarding the ongoing **constitutional reforms process**, which involve the executive, legislative, and judicial branches of the State.
  
11. The EU looks forward to the implementation of plans to **end the state of emergency** which has been in place for the last 27 years. The EU is following with great interest developments concerning the new antiterrorism law which is expected to replace the emergency law before the current parliamentary session ends in July 2008. As already stated, the EU expects any new legislation to abide by international standards.
  
12. The EU reiterates its call to Egypt to take actions in the field of the prevention, prohibition and suppression of practices of torture and other cruel, inhuman or degrading treatment. The EU calls upon Egypt to align its definition of torture in the Penal code with the UN Convention Against Torture (CAT) and to extend an invitation to the UN Rapporteur on Torture to visit the country. The EU also reaffirms its rejection of the death penalty under all circumstances. The EU considers that the abolition of the death penalty contributes to the enhancement of human dignity and the respect of human rights.

13. The EU greatly values the existence of an **active civil society** in Egypt as a significant feature in the development of the nation's economic, social and political infrastructure, and in the strengthening of national prosperity and regional stability. The EU encourages Egypt to continue to take steps aimed at supporting a free and flourishing civil society, and to ensure freedom of association and expression, which are essential pillars of democracy and individual human rights. In this regard, the EU welcomes the recent verdict which allowed a leading trade union rights association to continue its activities. The EU acknowledges the positive step in the protection of freedom of association, and encourages Egypt to continue its efforts in this regard. The EU in particular encourages the Egyptian authorities to ensure that their legislation, notably the NGO law, conforms with international human rights standards concerning freedom of association.
14. The EU calls on Egypt to take more steps to improve the state of **freedom of expression and press freedom** in accordance with international standards and to abolish prison sentences for publication offences. In this regard, the EU expresses its concern regarding the recent indictments, prosecutions, heavy fines and jail sentences imposed on independent journalists for publication offences, as well as the harassment and detention of several Internet bloggers.
15. The EU calls on Egypt to take all necessary steps to fight **discrimination** on all grounds and to promote tolerance in matters related to culture, religious and belief expressions, minorities, and sexual orientation.
16. Concerning **religious freedom**, the EU welcomes the recent ruling by the Supreme Administrative Court allowing 12 Coptic Christians who had converted to Islam to return to their original faith, and the ruling of Cairo's Court of Administrative Justice allowing members of the Baha'i community to obtain identification documents with no mention of religious affiliation, which both represent encouraging developments.
17. The EU also considers the **promotion of the role and participation of women in**

all spheres of society to be a key factor for the political, economic and social development of a country. Welcoming Egypt's positive steps to improve the status of women and girls and to promote women's rights, the EU is prepared to support further efforts by the Egyptian authorities to increase the participation and representation of women in all sectors and to strengthen women's rights. Our cooperation has already achieved very significant results in this area within the MEDA framework and the new projects approved under the ENPI National Indicative Programme will continue this important work to which we are both strongly committed. The EU welcomes the efforts of the government of Egypt to eradicate the practice of female genital mutilation (FGM), in particular the ban on FGM officially adopted in June 2007 as a major step to promote the dignity and equality of women.

18. Regarding the **Barcelona Process**, the EU appreciates Egypt's long-standing commitment as well as its numerous and important contributions to the process, also in its capacity as coordinator of the Arab group in the Euro-Mediterranean partnership.
19. The partners to the **Euro-Mediterranean Partnership** have re-affirmed their commitment to the continuing implementation of the Five-Year Work Programme, adopted at the Barcelona Summit, in November 2005. At the meeting in Lisbon on 5-6 November 2007, the Ministers of Foreign Affairs of the partner states also approved the work programme for the current year, which will see an emphasis on the fields of social dialogue, information society, culture and cultural dialogue, trade with a view to finalising the Euro-Med free trade area, industry, environment with a focus on water, and tourism. Egypt is increasingly becoming a venue of choice for a succession of important events, including at the highest level; the EU congratulates Egypt on its successful hosting of the 2d Euro-Mediterranean Ministerial Conference on Information society, held in Cairo in February 2007 and of the 1<sup>st</sup> Euro-Mediterranean Ministerial Conference on Higher Education, held in Cairo on 18 June 2007, which adopted a declaration on the establishment of a Euro-

Mediterranean Higher Education Area. The EU welcomes Egypt's active participation at the first Euro-Mediterranean Ministerial Meeting on Migration on 20 November 2007, in Albufeira. This conference discussed opportunities for legal migration and looked at the relationship between migration and development discussing the issues of micro-credit and remittances as well as addressing the problem of illegal migration. This event was an opportunity to further dialogue on this issue which can only be adequately addressed at regional level. The EU acknowledges Egypt's important contribution at the 5th Euro-Mediterranean ministerial conference on Energy that took place in Limassol, Cyprus, on 17 December 2007.

20. As well as being a key and active partner in the Barcelona framework, Egypt is also home to the **Anna Lindh Foundation**. The EU considers the role of the Anna Lindh Foundation to be of crucial importance in promoting dialogue, tolerance and common understanding between cultures through projects focussing on culture and heritage which bring together individuals and civil society organisations from both shores of the Mediterranean.
21. The **Euro-Mediterranean Parliamentary Assembly (EMPA)** is also a unique forum for dialogue. Its fourth plenary meeting, was held on 27-28 March 2008, in Athens. The EMPA noted the statement made by the European Council on "Barcelona Process: Union for the Mediterranean" and expressed its support towards developing initiatives to further promote the Euro-Mediterranean dialogue. The meeting also discussed prospects for further cooperation in various regional issues such as energy, the environment, migration and free trade.
22. Regarding the **Middle East Peace Process**, the EU acknowledges the important role Egypt plays in promoting the stability of the region. The EU expresses its commitment to support the parties in the ongoing negotiations on all outstanding issues, including all final status issues, with a view to concluding a peace agreement before the end of 2008 as agreed in Annapolis last November. These negotiations

must press ahead in order to meet the deadline. This is a crucial opportunity for regional and international partners to support effectively a just, lasting and comprehensive peace in the Middle East. The EU calls for a continued broad and constructive involvement by Arab partners, building on the Arab Peace Initiative. The goal remains the establishment of an independent, democratic, contiguous and viable Palestinian state in the West Bank and Gaza that will unite all Palestinians, living side by side in peace and security with Israel and its other neighbours.

23. The EU underlines the need for swift and tangible results on the ground in order to sustain negotiations. Action from both sides to implement their Roadmap obligations is vital in order to retain the confidence and support of the Israeli and Palestinian populations, the region and the wider international community. The EU is deeply concerned about the recent Israeli announcements to extend settlements. The EU reiterates that settlement building anywhere in the occupied Palestinian Territories, including East Jerusalem, is illegal under international law. Settlement activity prejudices the outcome of final status negotiations and threatens the viability of an agreed two-state solution. The EU therefore urges Israel to take immediate action in particular on settlements and outposts. It calls on the Palestinian Authority to make further efforts to implement its obligations with regard to security, where needed in cooperation with the Israeli authorities. In this regard the EU remains ready to strengthen and extend its EUPOL COPPS mission in order to support the reinforcement and reform of the Palestinian security forces.

24. The EU considers that the violent confrontations in and around Gaza have serious security and humanitarian implications. It expresses its sympathy for the civilian populations affected by the violence in Gaza and in Southern Israel. It condemns the continued firing of rockets into Israeli territory and all other activities which are contrary to international law and endanger civilians and calls for an immediate end to all acts of violence. The EU recognises Egypt's efforts to bring about a cessation of violence and encourages Egypt to continue and intensify its efforts in this regard. The EU is deeply concerned by the unsustainable humanitarian situation in Gaza and

calls for the controlled and sustained reopening of all crossings in and out of Gaza for both humanitarian reasons and commercial flows. The EU commends and support efforts by the Government of Egypt to find a peaceful and orderly solution to the current situation. This solution should provide for a lasting period of quiet. The EU reiterates its readiness to resume its monitoring mission at Rafah according to the Access and Movement agreement of November 2005 as soon as the situation allows. The EU reiterates its call for the immediate release of the Israeli soldier abducted 22 months ago and commends efforts, in particular by Egypt, to that effect.

25. The EU recalls its commitment at the International Donors' Conference for the Palestinian State last December in Paris to support efforts to build the future Palestinian State in accordance with the Palestinian Reform and Development Plan. At the occasion of this conference, the EU launched a new funding mechanism PEGASE, which constitutes a key channel for EU and other international assistance. For its implementation it calls for Israeli cooperation. The EU expresses its full support to the upcoming ministerial meeting of the Ad Hoc Liaison Committee (AHLC), the International Conferences on Investments and economic revival in Bethlehem and in Support of Palestinian Civil Security and Rule of Law in Berlin.
26. The EU is concerned at the continuing political deadlock in **Lebanon** and the deteriorating security situation. . The EU reaffirms its determination to reinforce Lebanon's sovereignty, territorial integrity and independence which are key to peace and stability in the region. It continues to support the legitimate government led by Fouad Siniora and urges all the parties in Lebanon to rapidly proceed with the holding of the Presidential elections. The EU underlines its appreciation for all international mediation efforts. It notes in particular the great efforts brought to bear by Egypt among the parties concerned as well as within the League of Arab States. The EU reiterates its strong support for the plan unanimously endorsed by the Ministers of the Arab League on 6 January 2008 and continued efforts led by the Secretary general of the Arab League, to facilitate an intra-Lebanese agreement. The EU renews its call for the full implementation of all relevant Resolutions of the

United Nations Security Council and reminds all parties in the region of their obligations in this regard. The EU reiterates its call on all countries in the region to refrain from interfering in the domestic affairs of Lebanon and to actively engage in the stabilisation of Lebanon.

27. The EU continues to support and assist the efforts of the Government of **Iraq** in building an independent, sovereign, secure, stable, unified, democratic and prosperous Iraq. The EU encourages the international community, particularly partners in the region, to support the International Compact with Iraq (ICI) and implement commitments made. It commends Egypt for having hosted the Expanded Ministerial Meeting of Iraq's Neighbours in Sharm el Sheikh on 21 May 2007 and welcomes the Conference of Neighbouring Countries of Iraq in Kuwait on 22 April. The EU also looks forward to the upcoming Annual Review Meeting of the ICI that will take place in Stockholm on 29 May. Constructive engagement of Iraq's neighbours and partners in the region remains essential to achieve peace and stability in Iraq and in the region as a whole. It is important to ensure that Iraq's national unity and territorial integrity are respected by all. The EU wishes to underline the importance of national reconciliation and its wholehearted support for the efforts by the UN/UNAMI in this area.
  
28. Regarding the Iranian nuclear programme, the EU reaffirms its deep concern at Iran's nuclear programme and underlines that the acquisition by Iran of a nuclear military capability would be unacceptable. The EU fully supports efforts to find a negotiated solution. The EU deplors that **Iran** has still not complied with its international obligations as reiterated in UNSC Resolutions 1696, 1737 and 1747, to suspend all enrichment-related and reprocessing activities in order to restore confidence in the entirely peaceful nature of its programme and create the conditions in which negotiations might resume. The EU has repeatedly called on Iran to cooperate fully with the IAEA. In the absence of action by Iran to meet its obligations, the EU supported the adoption of Security Council Resolution 1803 which represents a necessary response to Iran's disregard for the concerns of the

international community and for relevant Security Council Resolutions.

29. The EU underlines that Iran needs to play a responsible role in the region and expresses its concern about the negative impact of Iranian policies on stability and security in the Middle East. In this context the EU is deeply concerned at Iran's approach to the Middle East Peace Process, including its opposition to a solution based on two states, Israel and Palestine, existing side by side in peace and security. The EU condemns in the strongest terms the threats towards Israel by the Iranian Government. The EU expresses deep concern about the continuing deterioration of human rights and political freedoms of Iranian citizens.
  
30. The European Union follows closely the gradual steps **Libya** has undertaken since 2004 to join the international community. After the satisfactory conclusion of the case of the Bulgarian medical personnel in July 2007, the EU decided to reinforce the policy of engagement with Libya which it decided in 2004 with a view to enhancing EU-Libya relations. The objective of this policy of engagement will be to negotiate and conclude a framework agreement between the EU and Libya, thus setting the relations into an appropriate, coherent and long-term framework that will take into account the interests of Libya and of the EU and its Member States. These negotiations are expected to start in the course of the year 2008. The establishment of a solid, contractual relationship between the EU and Libya aims at strengthening the ties between both parties in various areas of common interest. The EU has the conviction that such an agreement would contribute in further developing prosperity, stability and security in the area of the Mediterranean and northern Africa.
  
31. At various occasions the EU has expressed its deep concern about the recent developments in **Sudan**. The security situation in Darfur deteriorated dramatically since February with increased violence leading to loss of civilian life, significant displacement of people and augmented the number of refugees. The ongoing atrocities in Darfur are inhibiting humanitarian access to the civilian population. The situation further complicated by the cross-border activities of rebel groups in

Western Darfur and Eastern Chad increasing the tensions between the two countries. The EU supports the recently (13 March) signed Dakar Agreement between Sudan and Chad, brokered by the Senegalese President Wade, which provides a basis for a peaceful resolution of the conflict between the two countries.

32. In order to better address the conflict in the region the UN Security Council Resolution 1778 (2007) approved the deployment in Chad and the Central African Republic of a multidimensional presence and authorised the EU to provide the military element of it. The EU decided to deploy EUFOR Tchad/RCA in the framework of a comprehensive effort to facilitate a long lasting solution to the conflict in Darfur and to promote regional stability. It builds on the partnership with the UN, which is deploying in parallel a second mission, MINURCAT, mainly focussing on police training.
33. The EU welcomed the transfer of authority from AMIS to the UN/AU hybrid mission UNAMID in Darfur at the beginning of this year. Together with other actors the EU emphasised the importance of an effective UNAMID deployment and called for increased pressure to oblige the Sudanese authorities to fully cooperate. In the current situation any continued weakness of the UNAMID force will undermine its credibility. Therefore the EU welcomes Egypt's contribution to UNAMID.
34. The **political process in Darfur** needs to be reinvigorated. The EU fully supports the reinforced initiatives at political level to revitalise the Darfur peace process under joint UN/AU mediation led by Special Envoys Eliasson of the UN and Salim Salim of the AU. In the North South relations the Comprehensive Peace Agreement (CPA) is the basis for sustainable peace and development throughout Sudan and its implementation must be pursued as a key priority. Limited progress has been achieved over the last year and the EU calls on the parties to the CPA to address any outstanding issues as a matter of urgency, also in view of the scheduled elections in 2009.

35. **The Africa/EU summit** which took place on 8/9 December 2007 in Lisbon was a major success. With the adoption of the Lisbon Declaration, the Joint Strategy and the Action Plan 2008-2010 the summit launched a Strategic Partnership. We have committed ourselves to work together, and to find common solutions, not only on developmental matters but also on the important challenges such as peace and security, migration, and healthy environment. But the objective is also to jointly promote and sustain a system of effective multilateralism, with strong, representative and legitimate institutions and to address global challenges and common concerns such as human rights, fair trade, HIV/AIDS, climate change, energy security and sustainability, terrorism, the proliferation of Weapons of Mass Destruction, and knowledge based society issues. These commitments are reflected in the concrete actions which are foreseen in the first Action Plan (2008-2010). Egypt has very actively contributed to the elaboration of the Lisbon documents together with other African countries and the African Union. Egypt is therefore seen by the EU as a key partner in the implementation of the Action Plan."
36. With respect to **migration**, the EU wants to create a space of prosperity, stability and security with the Southern Mediterranean partners. In this context, the EU underlines the importance of the outcome of first Euro-Mediterranean Ministerial Meeting on Migration, which took place in Albufeira on 18-19 November. This Ministerial Meeting has provided a framework in which Egypt was a key participant to reinforce, in the Mediterranean region, the dialogue on migration and migration-related issues among all the Euromed partners and to implement the "Migration, Social Integration, Justice and Security" Chapter of the Five-Year Programme adopted at the 10<sup>th</sup> Anniversary of the Euro-Mediterranean Summit in Barcelona in 2005. The EU looks forward to the active involvement of Egypt in the implementation of the Agreed Ministerial Conclusions, which identified legal migration, migration and development, illegal migration as the main areas where cooperation needs to be developed, and listed a series of concrete projects to be implemented.

37. At an African regional level, the Union attaches importance to the active involvement of Egypt in the follow-up and implementation of the Rabat Action Plan, which was adopted by the Euro-African Ministerial Conference on Migration and Development, held in Rabat on 10-11 July 2006, in the context of the ongoing preparation of the second Ministerial Conference, which will take place in Paris in October 2008. Within the broader framework of cooperation with Africa as generally, the EU considers that Egypt can play an important role in the follow-up and implementation of the Joint Declaration adopted by the Africa-EU Ministerial Conference on migration and development, held in Tripoli on 22-23 November 2006. The dialogue and cooperation on migration started in Tripoli is now a fundamental pillar of the Africa-EU Strategic Partnership adopted by the Africa-EU Summit, held in Lisbon on 9 December 2007, as it constitutes Priority Action 7 Migration, mobility and employment. The two Ministerial Conferences, on the basis of a comprehensive, balanced and integrated approach, have defined a commonly agreed platform for reinforcing, in a spirit of partnership, the dialogue and the cooperation between the African countries and the Union in the area of the management of migration flows. Moreover, they have identified a series of concrete and operational actions designed to address all the aspects of the migratory phenomenon.
38. The EU hopes that bilateral discussions with Egypt on all migration-related issues of interest to the two sides can develop rapidly in the framework of the Working Group on Migration, Social and Consular Affairs, building upon the outcomes of the ongoing dialogue which is being developed by the EU with the African countries at regional and continental level, as well with the Southern Mediterranean partners. In this context, the conclusion of **readmission agreements**, as stated in article 69 of the Association Agreement, is considered as an important step. The establishment of a regular dialogue on migration and social issues, for which the Association Agreement establishes the framework, would be an important and concrete step in reinforcing policy coordination, cooperation and the exchange of information and good practice in these areas. The EU shares with Egypt the view that cooperation on

issues in the Justice and Home Affairs field is becoming more necessary and it looks forward to the implementation of the European Neighbourhood Policy Action Plan.

39. The European Union unequivocally condemns **terrorism** in all its forms and manifestations and expresses its solidarity with all victims of terrorism. The EU reiterates that any measures to prevent and combat terrorism must comply with international law, in particular international human rights law, refugee law and humanitarian law, and that effective counterterrorism measures and the protection of human rights are not conflicting but complementary and mutually reinforcing goals.
40. The EU welcomes Egypt's readiness to begin a substantive dialogue on counterterrorism with a view to further strengthening the implementation of the Euro-Mediterranean Partnership Code of Conduct on Countering Terrorism. The EU acknowledges Egypt's very positive commitment to joint progress in this area. The EU looks forward to the first expert level Troika meeting on counter-terrorism with Egypt.
41. The European Union supports the United Nations as the only truly global forum for the fight against terrorism. The 16 UN Conventions and Protocols related to acts of terrorism constitute the legal framework for counterterrorism measures. The EU encourages Egypt to ratify and fully implement, without reservations, all 16 UN counterterrorism Conventions and Protocols. In addition, the European Union stands ready to work with Egypt to promote effective implementation of the UN Global CT Strategy in cooperation with all Member States of the UN and looks forward to the first formal review of implementation of the Strategy in the second semester of 2008. The EU remains committed to reaching an international consensus on the UN Comprehensive Convention on International Terrorism. Recognizing the strategic role played by Egypt for the adoption of the UN Global CT Strategy in 2006, the EU would welcome Egypt's support also for the Convention with a view to enhancing the internationally accepted framework for combating terrorism.

42. The European Union attaches great importance to countering radicalisation that can lead to terrorist recruitment and welcomes cooperation with Egypt with a view to combating radicalisation and recruitment.
43. The proliferation of **weapons of mass destruction** and their means of delivery both to state and non-state actors represents one of the most serious threats to international peace and security. The international community shares a responsibility for actively preventing these threats.
44. The EU therefore attaches great importance to the universalisation of all international instruments against the proliferation of WMD and their means of delivery. The EU in particular calls upon all States which have not yet done so to accede to the NPT, the CTBT, the IAEA additional Protocol, the CWC, the BTWC and the HCOC. The EU also calls on all countries to establish effective systems of national export controls, controlling export and transit of WMD-related goods and is ready to cooperate with Egypt in the regard.
45. The European Union is committed, as provided for by the European Neighbourhood Policy Action Plan, to develop dialogue and cooperation with Egypt on the fight against proliferation of WMD. The EU organised on 16/17 April 2008 a regional seminar promoting the Universalisation of the Biological and Toxical Weapons Convention in the Middle East to which Egypt was invited.
46. The EU regards the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) as the cornerstone of the global non-proliferation regime and the essential foundation for the pursuit of nuclear disarmament under article VI. The EU will continue to work for a strengthened NPT, inter alia through promoting its universalisation and strict compliance by all States Parties with their obligations. The EU is committed to contribute to a fruitful second Prepcom meeting in Geneva this spring, building on the outcome of last year's first prepcom, in order to make substantial progress in the

process leading up to the Review Conference in 2010.

47. The EU continues to attach great importance to the agreement reached by Euromed Ministers in November 2004 and confirmed in 2005, on the principle of holding an ad hoc meeting on regional security, non-proliferation of WMD and disarmament within the Barcelona framework. The EU will pursue consultations with a view to seeking final agreement on the terms of reference and date for this meeting. With this in mind, the EU-ISS will organise in June this year a Seminar on Middle East Security and non-proliferation involving government officials and academics.
48. The EU reiterates its commitment to the objective of pursuing a mutually and effectively verifiable Middle East zone free of weapons of mass destruction, nuclear, biological and chemical, and their delivery systems, as set out in the Barcelona Declaration of 1995. The EU welcomes the longstanding engagement of Egypt on this important issue.
49. Taking note of the great interest of countries in the region, including Egypt, in resorting to nuclear energy for peaceful purposes, the EU underlines that when countries make the choice of nuclear energy, the nuclear energy programme should be developed in accordance with the highest standards of safety, security and non-proliferation according to the IAEA principles. The EU is ready to contribute to substantive discussions in the IAEA on the development of multilateral solutions to the nuclear fuel cycle.
50. The EU commends Egypt for achieving significant **economic reforms**, and stable economic growth. The EU notes that economic growth in Egypt remains strong in fiscal year 2008 at around 7% underpinned by a strong performance on Foreign Direct Investment, the export of goods, tourism and growing confidence thanks to vigorous reforms. The EU welcomes Egypt's efforts to achieve a sustainable socio-economic development. It is vital to maintain a stable macroeconomic framework, to control current inflationary pressures. To this end, Egypt needs to continue to tackle

its lasting high budget deficit and public debt.

51. The commendable efforts made in the area of structural reforms need to be sustained with a view to maintaining high economic growth capable of raising living standards and generating more jobs for Egypt's rapidly growing labour force. The ENP Action Plan is an important catalyst in this process of further necessary reforms, particularly the need to foster the private sector in order to reap maximum benefits from the Euro-Mediterranean free trade area. The recent customs tariff reform is additional evidence of the ongoing efforts to enhance liberalisation and the competitiveness of the Egyptian economy.
52. Based on the agreed priorities set out in the Action Plan and as a follow up of the first Economic Dialogue that took place on 5 December 2007 in Brussels, the second Economic Dialogue should take place in December 2008. This meeting will focus on the growth potential of the private sector by improving the monetary conditions and fiscal policy, the business and investment climate and the restructuring and liberalising of the financial sector.
53. **Trade relations between the EU and Egypt** remain healthy and on an upbeat trend. With a substantial increase in bilateral trade since the entry into force of the Association Agreement in 2004, bilateral volumes of trade reached record scores in both 2006 and 2007 with a sustained upward trend, especially in the case of Egypt's exports. The enlarged EU represents nearly 40% of Egypt's total trade with the world and is Egypt's first trading partner. Nearly 50% of EU exports to Egypt are accounted for by machinery and transport equipment, most of the rest being chemicals and manufactured goods. Some 46% of EU imports from Egypt consist of mineral fuels, while significant shares are accounted for by manufactured goods, food and chemicals.
54. **EU-Egypt preferential trade relations** are governed by the Association Agreement. While Egyptian industrial exports to the EU market have for a long time enjoyed free access, tariff dismantling for EU industrial exports to Egypt has

continued as foreseen in the Agreement. The EU is however concerned by recent unilateral decisions taken by Egypt without notification to the EU. Bilateral preferences in **agriculture** have significantly boosted market access, including for Egyptian produce. EU exports of processed agricultural products also enjoy partial preferences since 2006. Agriculture (including processed agricultural products and fishery products) represents an important element of the total bilateral trade between EU and Egypt, accounting for 8.2% of total EU imports from Egypt (€472 million - 2004-2006 average) and 6.6% of total EU exports to Egypt (€612 million). The EU attaches great importance to an early conclusion of the on-going negotiations on the liberalisation of trade in agricultural, processed agricultural and fishery products. This process should result in a progressive liberalisation of the sector with the aim of creating a full FTA by 2012. Non-trade aspects, namely in the field of sustainable rural development, geographical indications and SPS issues, should also be part of the discussions.

**Comment [za1]:** This needs to be rewritten – it sounds like it means total EU exports etc!!!!

56. The Association Agreement establishes a **bilateral Free Trade Area**, part of a wider Euromed Free Trade Area. As agreed at the Euromed Trade Ministerial in Lisbon, and in line with the Commission Communication on a Strong European Neighbourhood Policy, a reflection has been launched on how to diversify, enhance and deepen Euromed trade and economic relations, and how to encourage industrial integration and promote EU investments in the Mediterranean partners. This will involve, inter alia, tackling non tariff and beyond the border issues including regulatory convergence in areas such as customs cooperation, competition, protection of intellectual property rights and public procurement, either building on or enlarging the current Association Agreements. The first meeting of the Senior Official Working Group to discuss this issue took place in Cairo on 9 March. The EU expects that Egypt will continue to be an active participant to these discussions.

57. **Gradual bilateral trade liberalisation** will build upon progress achieved in the context of the Euromed process. With a view to achieving the trade-related objectives of the Barcelona Process, regional working groups have started work on the

approximation of standards and technical regulations, trade facilitation, rules of origin and liberalisation of trade in services, with significant progress being made over recent years. Regional negotiations on services and establishment liberalisation and on the creation of a new mechanism for the settlement of bilateral trade disputes were launched at the Marrakech Euromed Trade Ministerial Conference in 2006. Both negotiations have continued in 2007 and 2008.

58. In addition, Egypt announced at the 6<sup>th</sup> Euro-med Trade Ministerial Conference in Lisbon in October 2007 its wish to start bilateral negotiations on **services and establishment** liberalisation. These bilateral negotiations were launched on 7 February in Brussels. Services, which represent 50% of Egypt's GDP, are instrumental in strengthening economic activity, attracting investment and enhancing the dynamics of the economy. Such negotiations will equally concern the right of establishment, or investment, for all companies from both sides, a key liberalisation endeavour to attract investments and foster integration of the respective economies.
59. Following regional work on rules of origin to extend the **Pan-European system of cumulation** to the Mediterranean countries, such cumulation is now applicable in trade between Egypt and the EU since March 2006. Through the conclusion of more Free Trade Agreements among Med partners, economic operators are able to reap the full benefits of this cumulation system and, more generally, of the progressive establishment of a regional Free Trade Area. Egypt has significantly contributed to this endeavour by signing agreements, including the pan-Euro-Med protocol on rules of origin, with the Agadir partners (Egypt, Jordan, Morocco and Tunisia), with Turkey and with the EFTA States. The EU encourages Egypt to pursue the regional liberalisation efforts with other partners of the pan-Euro-Med area.
60. On the **WTO multilateral negotiations**, the EU remains committed to achieving an ambitious, comprehensive and balanced outcome of the Doha Development Agenda (DDA) in 2008. The EU seeks the further improvements of the Chair's negotiating texts needed to move the negotiations forward, alongside further progress on the

Single Undertaking as a whole, including services and geographical indications.

61. On **enterprise policy** the EU encourages Egypt to further implement the Euro-Mediterranean Charter for Enterprise and to consolidate the reforms introduced recently to boost the private sector development. To maximise the trickle down effect of these reforms, particular attention should be paid to the needs of Small and Medium Sized companies, to education, and to access to finance.
62. Regarding **transport**, the EU welcomes the involvement of Egypt on the preparation and adoption of the Regional Transport Action Plan for the period 2007-2013. Egypt is a key country for the implementation of the Euro-Mediterranean regional transport network and the policy reform actions included in this Regional Transport action plan. The new EC technical assistance project for transport sector will be an important tool to promote the implementation of these actions. In particular for maritime transport services, the EU encourages Egypt to give full application to the principle of free circulation of shipping in international trade in free and fair competition. The EU also encourages Egypt to continue negotiations for an horizontal aviation agreement with the EC in view of ensuring the acceptance of the community designation and to consider the possibility for initiating a dialogue on the possibility of a comprehensive aviation agreement with the EU.
63. With respect to the **energy sector**, the EU recognises the important role of Egypt, currently its sixth largest gas supplier, for the security of supplies to the EU, both as a gas producing and a transit country, and welcomes Egypt's plans to rapidly expand production and exports, in particular through the Mediterranean gas ring, including the Arab Gas Pipeline. The EU encourages Egypt to continue further the development of a long-term energy strategy to 2030, which embraces the required legal and regulatory reforms in the electricity and gas markets and working towards cost-effective oil, gas and electricity prices, and welcomes the determination to improving overall energy efficiency and promoting enhanced use of renewables, including Egypt decision to host a regional centre for renewable energy and energy

efficiency, with EU and bilateral assistance. With reference to Egypt plans to develop peaceful uses of nuclear energy, the EU underlines the importance of ensuring a high level of security and safety as well as consistency with the objectives of the Non-Proliferation Treaty.

64. The EU welcomes the conclusion of negotiations on a **Memorandum of Understanding on Strategic Partnership on Energy** between the European Union and the Arab Republic of Egypt and looks forward to its forthcoming signature. In the framework of the Euro-Mediterranean energy cooperation process, the EU stresses the importance of Egypt's participation in the activities and calls on its support to the implementation of the 2008-2013 Priority Action Plan that was endorsed by the Euro-Mediterranean energy ministers at their 5<sup>th</sup> Conference held in Limassol, Cyprus, on 17 December 2007. It also commends Egypt for having hosted hosted, on 1st November 2007 in Sharm el Sheikh, the Ministerial Conference on "EU-Africa-Middle East Regional energy cooperation".
65. The EU attaches great importance to intensifying cooperation on the **environment** and taking forward the work of implementing bilateral environmental cooperation within the framework of the Association Agreement. The ENP Action Plan and its activities will deepen and continue existing EU-Egypt environmental cooperation. At regional level, cooperation can be reinforced in the context of the implementation of the Horizon 2020 Initiative, including the Horizon 2020 timetable 2007-2013, and the Mediterranean component of the EU Water Initiative. The EU attaches great importance to deepening the dialogue on climate change issues, including with regard to adaptation. The EU would like to invite Egypt to share its proposals concerning the development of the post-2012 framework for international cooperation on climate change, and encourages Egypt to implement the EU-Africa Action Plan on climate change.
66. The EU underlines the need to undertake policies and actions at the highest level of government policy development so that progress can be made towards the

economically, socially and environmentally **sustainable development** of the country. The implementation of the Mediterranean Strategy for Sustainable Development agreed under the Barcelona Convention in 2005 will be instrumental in this respect. Cooperation can be reinforced in the context of the implementation of the five-year work programme of the Barcelona Process adopted at the 10th Anniversary Euro-Mediterranean Summit in November 2005. The EU encourages Egypt to proceed with the ratification of the Protocols of the Barcelona Convention and to move ahead with the full implementation of the legal requirements of the Convention and its Protocols.

67. With regard to Research, Egypt has formulated a new national strategy, including a five years reform strategy (2007-2012). In this context the Higher Council for Science and Technology under the aegis of the Prime Minister and a new Fund for Science and Technological Development (expected to be operation in 2008) have been established. Following the second Joint Committee Meeting (JCM) of the **Scientific and Technological cooperation** agreement (Cairo, 20 June 2007), a road map for 2007-2008 has been prepared including major achievements coming out of the S&T collaboration between EC and Egypt and an outline of future activities. The road map will be updated and revised within the third JCM to be held in Brussels in the second semester 2008. Due to the efficient network of focal points for research, which has been established under the aegis of the Ministry of Higher Education and Scientific Research, Egypt has been able to bring about a significant increase in the participation of researchers in the Research Framework Program. The number of Egyptian applicants in the first calls of FP7 is the highest among the Mediterranean countries counting more than 170 Egyptian institutions involved in more than 130 submitted proposals.

68. In the **education** sector, the EU encourages the implementation of ongoing education reforms and in particular those in line with the principles of the Bologna process, which were acknowledged as relevant for all Euro-Med partners by the 2007 Euro-Mediterranean Conference on Higher Education and Scientific Research in Cairo. Of

these, initiatives leading to enhancing the capacity of institutions and organizations involved in the quality assurance of education and training programmes are highly relevant. The EU also welcomes policies aimed at ensuring access to high quality education for all and enhancing the relevance of education and training programmes to the labour market. Participation of civil society in the design and conception of education and training policies and programmes should be further enhanced so as to ensure that the real needs of society are met.

69. The Tempus programme has been instrumental in supporting Egyptian reforms in the area of higher education and providing a platform for cooperation of Egyptian universities with their European counterparts. The EU is committed to continue supporting the development and modernisation processes in higher education through the new **Tempus IV** programme. Student mobility to the EU is facilitated through participation in the **Erasmus Mundus** and Erasmus Mundus External Cooperation Window programmes, which also promote academic cooperation. The EU side looks forward to further participation especially of Egyptian institutions in Erasmus Mundus and to further developing dialogue in the field of education and training through sub-committee meetings.
70. The EU reaffirms the importance of youth and youth organisations in the development of an active civil society and would welcome furthering **exchanges and cooperation in the field of youth** as a way to strengthen dialogue and people-to-people contacts, including the reinforced participation of Egypt in the new Youth in Action and Euro-Med Youth programmes.
71. The EU welcomes Egypt's ratification of the **UNESCO Convention on the protection and the promotion of the diversity of cultural expressions** in August 2007. The UNESCO Convention, which entered into force on 18 March 2007 sets out common rules, principles and points of reference for cultural diversity at a worldwide level, thereby providing the basis for enhanced cultural cooperation and policy dialogue. The EU will continue to cooperate closely with Egypt in relevant international fora such as UNESCO, in order to pursue common objectives and promote cultural diversity, notably through implementation of the UNESCO

Convention. The EU looks forward to the participation of Egypt to the Euro-Mediterranean Ministerial Meeting on culture to be held in Athens on 29-30 May 2008.

72. As regards **financial assistance** Egypt is one of the main beneficiaries of EU support in the region and the EU is the second largest donor to Egypt. The implementation of the EU portfolio of aid to Egypt (€ 1.2 billion) has continued at an increasing pace. Two large programmes under MEDA I were concluded in 2007: the Education Enhancement Programme (€100 million) and the Health Sector Reform Programme (€110 million). The new generation programmes in the education sector (€120 million in 2007) and the health sector (€120 million in 2009) under the ENPI build on the success of the previous ones with a view to ensuring continuity and sustainability in the Commission's interventions. The implementation of MEDA II programmes has gathered steam. As a result, the EC has become a major donor in key areas of economic and social reform in Egypt like customs modernisation, financial sector reform, education, health, the water sector, vocational training and social development. Institutional capacity building remains a priority.
73. Egypt makes good use of the Twinning instrument with 13 projects currently underway and also benefits from the possibilities offered under TAIEX such as study trips and experts' workshops, in a wide range of sectors (e.g. agriculture, energy, health, statistics, environment, tourism and transport). Through these instruments, the EU is ready and able to share its experience and expertise in a wide range of areas. Another institutional capacity building instrument, SIGMA (Support for Improvement in Governance and Management) in which Egypt has shown a strong interest, has recently been opened to Egyptian participation.
74. The Memorandum of Understanding regarding the **National Indicative Programme (NIP) 2007-2010** was signed in March 2008. The aim of the €558 million assistance package under the European Neighbourhood Policy is to support Egypt's reform process reflected in the priorities for action jointly agreed in the ENP Action Plan.

Over the next four years financial assistance will focus on i) supporting Egypt's reforms in the areas of democracy, human rights and justice; ii) enhancing the competitiveness and productivity of the economy (support for the implementation of the AP priorities in a wide range of sectors, mainly through regulatory approximation and institution building); and iii) sustainability of the development process with better management of human and natural resources (including support for the reform of the education and health sectors and for investments in the fields of energy, transport and the environment through interest rates subsidies). A total amount of € 137 million was allocated for the Annual Action Programme 2007, out of which € 120 million were assigned to support Egypt's education reform and € 17 million were allocated to support institution building of the Egyptian administration through the Twinning instrument.

75. The EIB has a long-standing and excellent relationship with Egypt. Egypt has one of the most comprehensive EIB financial support packages of all the Mediterranean Partner Countries, not only in terms of actual financing of projects but also in terms of the broader support the Bank provides towards the process of economic reform. Following the establishment of the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) in 2002, the EIB's lending programme in Egypt has been significantly enhanced to an average of c. € 500 million annually. In addition, Egypt is also the beneficiary of risk capital funds and of technical assistance grants.
76. Through its financial assistance, in particular the long-term financing of infrastructure projects in the energy sector, environment, transport, industry and services, the EIB aims to support the economic reform process and foster sustainable development. In line with the overall FEMIP strategy, the EIB lending programme under the new ENP/MED Mandate (2007-2013) will continue to put particular focus on private sector investment, including PPP and FDI, and the creation of an enabling environment for such investments, as major drivers of economic development and regional integration. Furthermore, the EIB is considering the possibilities to broaden the scope of its operations to renewable energy as well as the health and education sectors. Issuance of

local currency EIB bonds remains under discussion with the Egyptian monetary authorities since 2005. Such issuance could underpin the development of the Egyptian capital markets and broaden the potential scope for EIB lending to non-foreign currency generating sectors.

77. The EU looks forward to a fruitful and constructive meeting of the Association Council, which will mark an important moment for the further intensification of our bilateral relations in all areas.

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