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**EU and Egypt – partners for the future**

*Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort*

Luncheon hosted by the Egyptian-European Council

**Cairo, 31 October, 2007**

Your Excellencies, Ministers, Ladies and Gentlemen

I am delighted to be back in Egypt, to have a chance to talk to you – and to listen to what you have to say - about the impressive developments as I see them in relations between Egypt and the European Union. Let me congratulate you Dr Mohamed ABUL ENIEN for your appointment as President of the Egypt-European Council, and thank you and the members of the Council for this luncheon invitation, and for the opportunity to be among so many good friends here today.

Before entering into the subject of our bilateral relations, let me just make a few remarks about the talks I had in the past few days in Israel and in Palestine. I had a chance to exchange views on this issue His Excellency President Mubarak this morning.

The situation in the Middle East is indeed very challenging. However, now is the time for both Parties to grasp the opportunity to produce a substantive document for the upcoming meeting in Annapolis, so that this meeting can become the starting point of a process of serious negotiations leading to a peace agreement on the two state solution: a contiguous Palestinian state living side by side with Israel in peace.

After my meetings I can tell you that I am cautiously optimistic about the prospects for a successful meeting in Annapolis.

Sure, a lot of ground will still need to be covered and I am aware that the circumstances are difficult. I have encouraged both sides to continue with the bilateral talks and to achieve results on concrete issues.

And this is where we, the international community, come in. It is our aim to create the environment for both Parties to be able to bridge the gap. I highly commend the Egyptian government and the Arab League for their initiative in this respect.

We see eye to eye on the necessity to grasp this slender opportunity for resolving the Israel-Palestine conflict, so that at last a spirit of hope among all communities and populations in the region can dispel the sense of frustration that now prevails.

Egypt has been at the forefront of efforts towards nurturing peace and stability in this region. The EU acknowledges the position of Egypt as a leading strategic partner and an unflinching source of stability and moderation.

Ladies and Gentlemen,

Let me come back to our bilateral relations.

The Neighbourhood Policy Action Plan we agreed in March this year in Brussels, in the presence of my dear friends Foreign Minister Ahmed Aboul Gheit, Minister Abulnaga and Minister Rachid, is a fundamental expression of the comprehensive scope of the partnership that is being shaped between equals. It allows us to work together and to co-operate in areas where there is mutual interest, at a pace and intensity which is up to each of us to decide.

These last few months we have determined priorities for future joint activities in such areas as trade, industry and investment, environment, transport, science and research, and energy.

We have clearly understood from the messages conveyed by Foreign Ministers from ENP partners and EU Members States at the meeting I organised in Brussels on 3 September that the Action Plans must achieve concrete results which are meaningful to all citizens: to business representatives, academics, civil society organisations, students, women, professional organisations, farmers, workers and indeed to your political leaders.

The EU is Egypt's main trading partner – a fact known for some time. That is something you as the business community here today will certainly be aware of. Forty percent of your total trade is conducted with the EU.

Our Association Agreement provides for the removal of tariff barriers, and for free trade for all manufactured goods and most agricultural goods. We have gone further. The ENP Action Plan now allows for Egypt's deeper integration to the single Internal Market of the EU, with its nearly 500 million consumers.

By bringing Egypt's health and standards rules more in line with the EU's, the market for Egypt's textiles, machinery, fruit and vegetables, and oil products will inevitably broaden, to the advantage of Egyptian producers. We are already started on negotiations for the liberalisation of services and establishment, which will bring obvious advantages to Egyptian and European companies and agencies wishing to invest in each other's market.

Furthermore, studying in Europe is something Egyptian students and young professionals wish to do. This year we launched a Neighbourhood Scholarships Programme for undergraduates, postgraduates and doctoral students as well as university teachers under the Erasmus Mundus umbrella. And we have modified the Tempus programme to extend the scope of vocational education and training to human resource development and life-long learning. In support of Egypt's education reform programme, we will in the near future sign a 120 million Euro grant as contribution to the government's ambitious scheme to modernize and broaden education for the country's youth.

Furthermore, our partnership with Egypt extends to scientific co-operation. Egypt is eligible to participate in the EU's vast Research and Development Framework Programme and can thus profit from European know-how in biotechnologies, space, health, environment, nano-production and information technology, to list a few sectors.

Ladies and Gentlemen

I proceed this afternoon to Sharm el Sheikh for the Ministerial Conference on Energy at which representatives from Egypt, the Middle East, Africa and the EU will come together to discuss issues of energy security. I have the pleasure to co-host the Conference, along with Foreign Minister Aboul Gheit.

Egypt and the EU have strong mutual interests in co-operating in energy security, in sharing knowledge on renewable energy and regulatory and market aspects of energy supply. I have read of Egypt's intentions to bolster energy production on the basis of nuclear power. We do understand that Egypt as a member of the Non Proliferation Treaty will be in close contact with the IAEA on this matter. Bilaterally, I am happy to say that Egypt and the EU are about to agree a Memorandum of Understanding on Energy, including gas and electricity markets.

The Conference in Sharm el Sheikh is ample proof of Egypt's determination to widen the dialogue on energy among regional partners, including the EU.

Excellencies, ladies and gentlemen,

You will agree that economic progress and reform cannot be meaningful without being underpinned by political and social reforms. The government has accepted this view. It has taken it into account when setting the terms of the Neighbourhood Action Plan we agreed in March. I am well aware that the idea of sitting down with the EU to discuss issues of human rights and democracy, governance and even weapons non-proliferation and anti-terrorism was given solemn and careful reflection by your leaders, in a country which proudly values its sovereignty and independence.

I have said this before: you will find the EU a loyal and sensitive partner, respectful of the sincerity of your commitment to the shared principles, supportive of your efforts to modernize and to reform. In this context, I welcome the first meeting of the EU-Egypt political affairs group when it convenes for the first time ever, in November in Cairo.

Excellencies, ladies and gentlemen,

Dear friends, a year ago when I was in Egypt, I said our relations were at a turning point, and were about to take off under European Neighbourhood Policy. I can say here today, in front of Ministers, Ambassadors and Business Persons, that the take-off has happened, we see the first fruits of our joint enterprise the Action Plan through the growth of our partnership.

Thank you.