

Keynote address: 'From Region-Building to Bilateralism to Localism' conference at Cairo University 11th May 2016

By James Moran, EU Ambassador to Egypt

As it should be, the overarching theme of this event is provocative, implying that driven by the twin crises of terror and migration, and fearful of instability at home and abroad, the EU, notably with the new ENP may be in danger of somehow contradicting its own DNA and falling into what I call the binary trap of supporting security at the expense of universal values, regional integration and open markets.

Before looking into this let me congratulate the organisers on raising these issues at this time, as we embark on discussions with partners here in Mediterranean on translating the principles of the ENP into reality. It is right that we have in-depth exchanges like this now, so that policy and opinion makers on all sides can be fully aware of stakes involved.

And let me make an apology. I served in other parts of this region, namely Jordan, Libya and Yemen but I have for the last four years and more been totally immersed in this country and the historic experience that it has been passing through. Inevitably, much of what follows is 'Egypt-biased'. That said, since this country remains in many ways the political, economic and cultural lynchpin for the Southern Mediterranean and accounts for over a third of its population, what happens here has a special significance for the region as whole.

A little history:

Since its launch in 2004 the ENP has evolved considerably. Over time, the EU offer was stepped up, to include mobility partnerships including visa facilitation, Deep and Comprehensive Free Trade Areas with enhanced access to the EU market, the possibility to participate in EU domestic programmes and much more. But there have also been radical changes in a large number of the countries that surround Europe. New tensions and conflicts have emerged which directly affect Europe itself and to an extent have altered the dynamics that were in play years ago.

That in turn meant that if it was to stay relevant, the ENP needed fundamental revision. Thus the joint review of last year. Countries like Egypt engaged significantly on this, and unlike the old Eurocentric model, which took for granted that our partners wanted to become more like us, the new, hopefully improved version is much more attentive to their expressed needs and views.

We are now jointly seeking to identify cooperation priorities for the years ahead. Here for example, the EU and Egypt are exploring how best to promote Egypt's development, how best to help cement the country's stability and how best to cooperate on issues of foreign policy where the interests of both sides overlap, for example, on Middle East peace, where

we both seek a just and lasting solution for the Palestinians, based on the two state solution.

Once agreed at political level by both sides, the "partnership priorities" will guide joint work, in the mutual interest of both sides. Acting in this way, the EU and Egypt can give fresh impetus to the realization of the objectives already agreed in the EU-Egypt Association Agreement in 2004. I should add that that Agreement, in common with all our other AA's in the region is not up for revision at this time. They remain the political and legal foundation for our relationships and neither side, not here or to my knowledge elsewhere in the region, is proposing any renegotiations.

So What are the main issues we need to get to grips with?

First, the EU has come to realize the importance of increasing differentiation. Almost all of those consulted called for some form of a common policy framework for the eastern and southern neighbourhood. At the same time, there was a clear demand for change, with more tailor-made partnerships to reflect different interests, ambitions and capabilities.

And so we are keen to ensure that the relationship between the EU and Egypt, as with other partners, reflects the specific circumstances of their given situation. We have come fully to acknowledge that a co-owned ENP has a much greater chance of success.

So the stress now is on creating real partnerships, as opposed to transactional relationships built on conditionalities – experience shows that the 'more for more' approach can only be effective when a partner genuinely wants to undertake reforms that take it closer to the European 'acquis' of laws, and that is simply not the case in many of our partners.

But *nota bene* that differentiation does not mean that we have given up on efforts to encourage regional integration. One of the factors driving instability in the MENA region is the fact that it remains one of the least integrated in the world. Trade, investment and people to people initiatives are great drivers of mutual interest, the rock on which peace and stability is built, as we know so well in Europe.

That is why we will continue to support programmes like the Agadir process, which brings Morocco, Tunisia, Jordan and Egypt together in an effort to break down technical barriers to Trade. It is also why we will persevere with support for pan-regional organisations like the Union for the Mediterranean and the Anna Lindt Foundation, and in deepening our relations with the Arab League, which have developed considerably over the last five years.

But of course, stabilisation, the watchword for the new ENP, must first be built at home, and there is no doubt that the many countries are passing through one of the most

challenging periods in modern history when it comes to security. The question for us in the EU is how best can we contribute to better security in the region, in the best interest of both sides.

Here, we need to start with a clear-eyed assessment of the threats: no doubt that some are regional or external, most obviously Da'esh, with its bloody tentacles reaching deep within so many of the countries in the region, from Libya, through Northern Sinai to Syria.

There is broad agreement that this requires a robust military response, combined and coordinated with efforts at deradicalisation, such as those that are being led by Al Azhar here in Egypt, countering foreign fighters and so on. The ENP, both through the EU institutions and the EU member states can help here, provided of course that our partners genuinely want to engage.

The migration crisis is also threatening stability, not least in the EU itself, and it is crucial that we together find better ways to regulate the flows of people across the Med. Conflict is at the root of it of course, above all in Syria, but also in Libya, and we all need to get fully behind the UN led efforts at peace-making in both places. Cooperation on saving lives at sea and countering human trafficking is also an essential part of this, and we are looking for this right now, notably with the EU's Operation Sophia naval operation in mind.

In parallel, mobility partnerships regulating legal migration remain on the agenda, provided of course that partners are prepared to engage on the necessary quid pro quos, notably when it comes to irregular movements.

And over and above ENP resources and humanitarian aid, where the EU has been the largest donor, substantial new funding is coming on stream to help countries like Jordan Lebanon and Egypt, not to mention Turkey, shoulder the burden of refugees on their territory.

But there are also serious domestic threats to stability, many having to do with meeting the rising aspirations of the booming young populations in this region, who are seeking a decent education, jobs but also a say in how their States are run. This was at the heart of the movements that emerged in 2011 and it has not abated.

Indeed, the challenge is more acute than ever: here in Egypt population growth rates have actually increased over the last five or six years, after a period of decline in the 2000's: the average age here, as in most of the region, is under 25 and falling. Just as significant, poverty rates have risen over the same period from 19 to 26%. Youth unemployment remains stubbornly high.

And to recall an essential theme of this conference, this is where reality and universal values are not necessarily in contradiction. Good governance, inclusive politics, the rule of law, market economies that produce growth with equity, respect for rights and freedoms -

these are all pillars for sustainable growth, development and stability down the line, whichever side of the Mediterranean you are on.

These principles are in fact enshrined in our Association Agreements and indeed in many constitutions, not least right here in Egypt. Lasting stability cannot be attained to the detriment of fundamental freedoms. Indeed, it is not achievable without them.

So how can the ENP assist? First and foremost, it will not, as in the past, involve 'one-size-fits-all' approaches. As I mentioned, we want genuine partnerships designed to meet the specific needs of our partners, not one-sided global agendas. That said, the ENP, if it is about anything is about supporting domestic reforms that are genuinely owned by our partners.

So, for example, if Egypt should decide to enhance its trade and investment with the EU, by breaking down non-tariff barriers or bringing services into the picture, building on our FTA under the Association Agreement, and if it needs cooperation and assistance to do so, we will be there for it.

But note the key phrase 'if Egypt should decide'. Such an initiative would not and should not be a prescription handed down from Brussels. It would be home-grown. Personally, I very much hope that Egypt will pursue this course – experience with freeing up trade in the early years of the Agreement was very positive – we doubled flows of goods and incoming investment between 2004 and 2010 and given the huge potential we could double it again over the next few years, hopefully this time to the benefit of all, not least those job-hungry young people. But it will only happen if Egypt wants it to happen.

Related to all this, we need to remember that the ENP includes a substantial grant assistance package of some 15 Billion Euros to 2020. Now, this is nowhere near the overall financing needs of our partners, but when it is combined with high quality technical assistance and used to leverage concessional loan financing from European development banks like the EIB & EBRD, it can help to make a substantial difference, especially in areas where the private sector fears to tread and/or needs public sector support, such as education, health, and infrastructural development like water, sanitation and renewable energy.

Again, the effectiveness of this funding will depend on a wholly owned domestic reform process, and we already have some good examples here, such as Egypt's policy on feed-in tariffs for renewables. This has attracted significant EU financing for windfarms and the like over the past two years.

Ladies & Gentlemen

Let me end with a word on another major theme of this exchange, the role of civil society. We need to have an open and frank exchange about this, not least because if we are going

to be true to the cause of stabilisation, it is an essential part of the conversation. The uprisings of 2011 may have been sparked by many things, but they surely demonstrated that countries cannot be stable and prosperous if the needs and aspirations of the population at large are not catered for.

Bone fide civil society plays a critical role here, both in delivering basic public services and in ensuring that the concerns of the population, especially the young, are heard by decision-makers. Naturally, there has to be a legal framework covering their activity, but it should be one that allows them, whether NGO's, CSO's, chambers of commerce, trade unions or professional organisations, sufficient space in which to operate without fear or favour.

Given the legislative and representation aspects, Parliaments have a critical role to play in this, and we are encouraging inter-parliamentary contacts and exchanges across the region.

This takes us back to the heartland challenge of getting the balance right between security and liberty, and I know that you will be plunging into these sometimes stormy waters in the discussions to come. But be assured that so far as the EU is concerned, we regard support for civil society as indispensable to the achievement of ENP objectives.

With all the talk about stabilisation, I know that some accuse the new ENP of having abandoned the softer world of Venus for the harsh deserts of Mars. I hope that I've been able to show that in fact, it now has its feet firmly planted in the human reality that exists between the two. Namely right here on Earth. As ever in the affairs of men & women, what we make of it depends on how well we can cooperate together. Make no mistake. The stakes for Europe and this region have never been higher.

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