

Brussels, 12 May 2010

ENP Country Progress Report 2009 – Egypt

The Commission published on 12 May 2010 the so-called neighbourhood package, consisting of an overall assessment of five years of implementation of the European Neighbourhood Policy (ENP), 12 country reports on developments in 2009, including one on Egypt, and a sector report.

Overall progress on the implementation of the Action Plan in 2009 can be summarised as encouraging, with a strong commitment to social, economic and sector reforms, and to a lesser extent to political reform. Egypt continued to be active in the different sectoral sub-committee meetings, enabling wide-ranging and fruitful discussions to take place on the implementation of priorities set down in the Association Agreement and the Action Plan. In many technical areas progress is encouraging, while much work still lies ahead.

Concerns remain on the pace of the implementation of reforms in the field of democratisation and human rights, although the Egyptian Government seems increasingly convinced of the need to tackle governance issues as part of its domestic reform agenda. Moving towards enhanced relations is a shared objective of both Egypt and the EU. Continued and consolidated progress in areas related to human rights and democracy will be an important foundation for these.

Political dialogue and governance, including CFSP

- Egypt was co-president of the Union for the Mediterranean throughout 2009 - its two year term ends in mid-2010.
- Egypt is an active partner for the EU on Common Foreign Security Policy (CFSP) matters. Egypt continued to work on the Middle East Peace Process, in particular through its mediation efforts between the Palestinian factions. Egypt hosted a Pledging Conference for the occupied Palestinian territory in March 2009 following the Gaza conflict. An EU-Egypt Summit will take place on 6 June 2010 in Barcelona.
- The EU-Egypt subcommittee on Political Matters, Human rights and democracy, international and regional issues met for the second time in July 2009 and dialogue was constructive.
- Freedom of expression is guaranteed by the Egyptian constitution and protected by law. The number and readership of independent newspapers continued to grow in 2009, generally adopting a critical line on Government and state policy.
- The participation of women in political, economic and social life was enhanced. In March 2009 third female Minister in charge of the new Ministry for Family and Population Affairs was appointed. The Law on the People's Assembly was amended to add additional 64 seats reserved for women, bringing their total to 518 with over 12% allocation for women.

Economic integration and trade

- The Egyptian economy fared quite well during the global economic and financial crisis in 2009. GDP growth decelerated to 4.7% in fiscal year 2009 (around 7% in the years before).
- The international food crisis and the rise in oil prices affected Egypt's efforts to combat poverty, which is particularly widespread in the South of the country and in rural areas. The living conditions remain very poor for the estimated 20% of Egyptians living on less than \$ 1 (€ 0.7) per day. The food subsidy programme of the Government covered up to 63 million people in 2009 (38 million in 2008).
- Bilateral trade between Egypt and the EU slowed down compared with 2008: Egypt's exports to the EU contracted by 26.2% and EU exports to Egypt decreased by 0.9%. Total trade was € 18,7 billion.
- The EU is by large the first trading partner for Egypt (1/3 of Egypt's overall trade). Egypt is also a major trading partner for the EU in the Southern Mediterranean region (0.8% of total EU trade).
- The EC ban on exports of Egyptian potatoes was lifted for the 2009/2010 season.
- The agreement on further liberalisation of bilateral trade in agricultural, processed agricultural products and fish and fishery products was signed by the two parties and will enter into force on 1 June 2010. Bilateral negotiations for the liberalisation of services and establishment continued.
- Egypt ratified the protocol relating to the Madrid Agreement Concerning the International Registration of Marks and is in the final stage of acceding to the International Convention for the Protection of New Varieties of Plants.

Sector cooperation - examples

- **Transport:** Egypt's reform agenda is supported by the EU with € 80 million programme. Negotiations on the horizontal agreement continued in 2009 and the final round of negotiations is set by July 2010.
- **Energy:** The EU and Egypt initiated, in view of Egypt's plan to develop civil nuclear power generation, a project to support capacity building of the country's nuclear institutions.
- **Research:** Egypt significantly increased the participation of its researchers in the EU 7th Framework Programme. The total number of Mediterranean partner countries' applicants in FP7 since its start until end 2009, was some 1600. There were 464 applicants from Egypt, the highest number, of which 59 were successful in submitting a proposal, receiving a total contribution of about € 3.4 million. Health, Environment, Food, Agriculture & Biotechnologies and ICT are the areas of main interest.
- **Education:** In 2007-2009, thanks to Erasmus Mundus grants 358 Egyptian students and academics, the highest number in the ENP South region, could pursue studies in EU universities for up to one year.
- **Culture:** Egypt participated actively at regional level in the new Euro-Med Heritage IV programme with involvement in three projects covering areas such as the preservation of the diversity of written heritage, promotion of intangible cultural heritage and sustainable development of the cultural specificity of the Siwa oasis. Work began on a project to enhance the cultural action of Bibliotheca Alexandrina.
- **Health:** Egypt continues to reform this sector by further rolling out the "Family health model". The EU continued providing substantial assistance

to underpin the reform (€ 110 million). The aims of the reform are universal coverage, financial sustainability and enhanced quality of healthcare.

EU–Egypt – BACKGROUND

FACTS AND FIGURES

2004: EU-Egypt Association Agreement entered into force

2007: EU-Egypt Action Plan was approved

2008: Launch of the Union for the Mediterranean (UfM, reinforced Euro-Mediterranean Partnership).

2009: Neighbourhood Investment Facility (NIF) - two projects in Egypt were being implemented in 2009, in the environment and energy sectors. The European Investment Bank signed lending operations for € 130 million, of which € 120 million are linked to NIF projects.

2007-2010: The ENPI¹ envelope for Egypt is € 558 million

2011-2013: An indicative ENPI envelope of € 449.3 million announced by the Commission

More info at:

http://ec.europa.eu/world/enp/documents_en.htm

http://ec.europa.eu/external_relations/egypt/index_en.htm

http://ec.europa.eu/world/enp/index_en.htm

¹ the European Neighbourhood Partnership Instrument