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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Relations with Egypt
- European Union's position for the Association Council's seventh meeting
(Brussels, 25 July 2017)

Delegations will find attached the European Union's position for the seventh EU-Egypt Association Council.

**SEVENTH MEETING OF THE EU-EGYPT ASSOCIATION COUNCIL
(BRUSSELS, 25 JULY 2017)**

Statement by the European Union

1. The European Union welcomes the **seventh meeting of the EU-Egypt Association Council**. The EU-Egypt partnership, which we seek to strengthen, is based on the implementation of the Association Agreement that entered into force in 2004, and on the joint priorities identified in light of the revised European Neighbourhood Policy (ENP), which will guide our dialogue and cooperation for the next three years. In line with the EU Global Strategy, the EU has a strategic interest in Egypt's sustainable stability, security and prosperity, both internally and regionally, and is firmly committed to support Egypt's path towards a modern and democratic state.
2. The EU attaches great importance to its bilateral relationship with Egypt, as an important partner and regional player, as demonstrated by the **visits of the High Representative for Foreign Affairs and Security Policy / Vice President of the Commission (HRVP) Federica Mogherini, of Commissioners Hahn, Avramopoulos and Crețu**, and of EUSR for Human Rights Lambrinidis, to Cairo, respectively in 2015, 2016 and 2017, as well as the participation of Egypt's Foreign Minister Shoukry in a Foreign Affairs Council informal lunch in March 2017 and also by mutual exchange of bilateral visits of Heads of states and governments.
3. The revival of the bilateral **Association Agreement structures** in 2015 and the holding of all the sub-committees between 2015 and 2016, as well as of the Association Committee in May 2016, allowed for increased dialogue on issues of common interest and concern and for the joint identification of areas of potential cooperation.

4. The EU welcomes the adoption of the new **EU-Egypt Partnership Priorities (PPs)** that were jointly identified and negotiated, in the framework of the revised ENP, and agreed ad referendum in December 2016. The PPs set the basis for the bilateral partnership and cooperation for the next three years. Their implementation will pave the way for a reinforced and mutually beneficial bilateral partnership and for enhanced cooperation in all fields of common interest. Priorities include support to Egypt's sustainable economic and social development, reinforcement of our partnership in foreign policy, and enhanced dialogue and cooperation in the stabilisation process, notably in the fields of democracy, good governance, rule of law, human rights, security, counter-terrorism and migration, with a special focus on the empowerment of youth and women as a cross-cutting theme.
5. In the past years, the EU, together with its Member States (MS), **supported Egypt's efforts to address the challenges faced by the country** in an important number of areas, including economic development, education, health, energy, transport, environment, climate action, information society, research and innovation. People-to-people contacts are also at the heart of EU-Egypt cooperation.
6. Total ongoing EU financial assistance commitments to Egypt amount to over EUR 1.3 billion in grants, with around 45% of the portfolio targeting the wider field of economic and social development, including employment creation, 45% devoted to renewable energy, water and sanitation/waste management and environment, and 10% dedicated to supporting governance, human rights, justice and public administration reform.
7. In 2016, EUR 105 million of new bilateral EU funding was committed to Egypt, with particular emphasis on employment, inclusive economic and social development, rural sanitation and women's rights. The combined volume of financial assistance from the EU, its Member States and European Financial Institutions to Egypt in its different forms (grants, loans and debt swaps) positions **Europe as the most important donor in Egypt** with an ongoing volume of over EUR 11 billion. The use of blending has leveraged around EUR 6.6 billion in investments and will be pursued under the External Investment Plan.

8. In 2015 and 2016, Egypt witnessed a worsening of its balance of payments that led to a dramatic reduction in foreign exchange reserves. Economic growth averaging almost 4% per year, during this same period, has been insufficient amid the country's demographic expansion and job losses in high employment sectors like tourism and construction. The adoption, mid-2016, of an **economic reform plan** by the Egyptian authorities, aims at bringing back macroeconomic stability and inclusive growth. The EU welcomes the approval by the IMF of a USD 12 billion Support Programme under the form of an Extended Fund Facility in November 2016.
9. The EU firmly **supports Egypt's efforts to achieve sustainable and inclusive economic growth**, notably through the implementation of the IMF-supported economic reform programme. The government and the central bank have taken the right measures to rein in inflation, reduce the budget deficit, and set the Egyptian economy on a path to stability and growth. The EU welcomes the extensive and difficult economic reforms Egypt has already undertaken, including in overhauling subsidies and liberalising the currency. Substantial reforms should contribute to economic recovery, attract investment, boost growth and create decent job opportunities. The EU stands ready to support and contribute to Egypt's efforts in this direction, notably in establishing an enabling business environment, as well as in boosting small and medium sized enterprises (SMEs) and private sector development. The EU also recognises and encourages Egypt's efforts to address the expected social and economic impact of these reforms, particularly on the most vulnerable, in order to maintain stability in the country.
10. The EU and Egypt are major trading partners. With bilateral trade in goods amounting to EUR 27.3 billion in 2016 and EU foreign direct investments (FDI) stocks of EUR 41.7 billion in 2015, the EU ranks first both as Egypt's import and export partner, as well as in terms of investment. In 2016, the EU accounted for 30.4% of the total foreign trade value of Egypt. However, a number of long-standing trade and investment barriers continue to negatively affect EU-Egypt trade relations and it is important that such issues are resolved in due course in order to further facilitate trade and investment.

11. Egypt already has duty free and quota free access to the EU market for industrial goods and also for most agricultural products with only a few under a duty free quota. The EU will continue to support Egypt in its efforts to improve its export performance by boosting its general export capacity and competitiveness and achieving a closer integration into global value chains. The EU wishes to continue its ongoing dialogue on the implementation of the trade provisions of the EU-Egypt Association Agreement and on further enhancing bilateral trade relations e.g. through exploring ideas for additional steps to facilitate trade or deepen the existing FTA.

12. In a context of rapid population growth that represents a major challenge to the sustainable development of the country, the EU is committed to support Egypt's efforts to promote social development and protection, to address the **social and demographic challenges** the country is facing and to enhance its capacities in a way that will advance economic and social development, as well as employment, particularly for youth and women. In this regard, the EU will continue its support to the country in the areas of employment and social protection, rural and urban development, water management as well as education and health systems, including sexual and reproductive health, in order to contribute to improving the delivery of quality basic services across the country. It will also work to support Egypt's national population strategy.

13. The EU welcomes Egypt's progress towards achieving **Education** for All and the Sustainable Development Goals (SDGs), particularly in expanding access to basic education, and closing the gap between the enrolment of boys and girls. The EU remains a strong supporter of the Egyptian education sector as a whole, with particular emphasis on increasing the access to education for the most vulnerable children, the modernisation and quality of education, including Technical and Vocational Education and Training and Egyptian Higher Education, to provide skills matching the labour market. In addition to the EU's substantial bilateral support in this sector, Egypt's active participation in EU programmes such as ERASMUS+ (in the fields of higher and non-formal education) also plays a key role. The EU and Egypt will continue to work together in the field of research and innovation, mainly through Horizon 2020 projects. Furthermore, the EU counts on Egypt's commitment and active support in the forthcoming Partnership for Research and Innovation in the Mediterranean Area (PRIMA), aiming to develop innovative solutions for food production and water management systems across the Euro-Mediterranean area.
14. In its bilateral support to Egypt, the EU will continue to place particular emphasis on **women and youth**, taking into account their crucial role in socio-economic development and long-term political and overall stability. It will also continue to promote People-to-People contacts through enhanced cooperation in the field of culture and cultural heritage, at bilateral level, as well as via strategic regional EU programmes.

15. **Sustainable energy security** is key for the EU and Egypt's stability and development. The adoption by the Egyptian Supreme Energy Council in October 2016 of the Egyptian Sustainable Energy Strategy for the period 2016-2035, funded by the EU, is a positive step that paves the way toward further potential cooperation in the diversification of energy sources, with a particular focus on development of new gas resources, on further promoting renewables, electricity connectivity and on increasing energy efficiency actions. The EU stands ready to strengthen its energy dialogue with Egypt in order to identify potential areas of enhanced cooperation. The EU and Egypt acknowledge the value and the benefits of stepping up their energy dialogue for the benefit of both sides and the whole East Mediterranean region, as demonstrated by the EU high level energy mission that took place on 10-12 July 2017. A revision of the Memorandum of Understanding on Strategic Partnership on Energy between the EU and Egypt will be drafted and adopted in the autumn.
16. **Environment and climate change** is another area of common concern. The EU welcomes the deposition of Egypt's instrument of ratification of the Paris Agreement on climate change under the United Nations Framework Convention on Climate Change (UNFCCC). Egypt's Nationally Determined Contribution as well as the launching of the development of an Action Plan to implement the national climate change adaptation strategy, provide an opportunity for the EU and Egypt to continue their cooperation in the area of climate change with the broader objective to achieve the goals identified, inter alia, in the 2030 Development Agenda. The EU will continue to support Egypt's efforts and reforms in the fields of solid waste management, water and sanitation, sustainable transport, as well as Egypt's contribution to the regional efforts on de-pollution of the Mediterranean.

17. The EU has a clear interest in Egypt's sustainable stability and security. As agreed in the PPs, establishing a **modern and democratic state** that delivers benefits equitably to all people is essential in this regard. The entry into force in January 2014 of the new Constitution, which includes robust provisions on human rights and individual freedoms, and the parliamentary elections held in October and December 2015, constituted two important steps towards enhancing democracy in Egypt. The EU looks forward to the provisions of the Constitution on the rule of law, human rights and individual freedoms being fully implemented and existing and new legislation being in line with these provisions. The EU stands ready to support Egypt in translating these rights into law as agreed in the EU-Egypt PPs.
18. The EU supports Egypt's commitments to enhance State institutions' **accountability, efficiency, independence and transparency**. In addition to the support that the EU has already been providing to Egypt in past years to reform the public administration, improve public finance management, and fight corruption, the EU stands ready to further support Egypt in these crucial areas, including supporting the Parliament in fully assuming its constitutional functions, including oversight functions and assist Egypt's efforts to empower local authorities and citizens.

19. Sustainable security is a shared objective for the EU and Egypt and a central element of the EU Global Strategy. The EU is fully aware of the serious destabilising threats and challenges that Egypt's stability and security is facing, primarily terrorism and the impact on the Egyptian population, the state institutions as well as the country's economy, including tourism. The EU strongly condemns acts of terrorism in Egypt including against security services and the military, as well as recent attacks against religious communities, including Copts, and places of worship and stands in solidarity with Egypt in its fight against terrorism. The EU and Egypt have a common interest in strengthening cooperation on security and the fight against terrorism. Following the high-level counter-terrorism consultation between the EU and Egypt, the EU will seek to cooperate more closely in this field, in particular on prevention of radicalisation to terrorism and violent extremism and any form of discrimination, on law enforcement and judicial cooperation, border control, explosive detection, as well as aviation and airport security in line with the EU-Egypt PPs' commitment to promoting and respecting democracy, fundamental freedoms and human rights as constitutional rights of all citizens and to enhancing the capacity of law enforcement institutions to provide security to all. The EU recognizes the positive engagement of Egypt as a working group co-chair in the Global Counterterrorism Forum.
20. The EU acknowledges the serious and destabilising security challenges faced by Egypt that led to the **State of Emergency**. In this respect, the EU strongly encourages Egypt to address the concerning consequences of the State of Emergency law and its recent amendments for the respect of human rights, fundamental freedoms and the rule of law. The EU reiterates its position that arbitrary arrests, long pre-trial detention, poor prison conditions and torture contribute to fuelling radicalism and violent extremism. It highlights the importance of tackling terrorism and violent extremism while fully respecting human rights and international obligations and recalls the Constitutional provisions that apply to the declaration of a State of Emergency.

21. An effective Counter Terrorism effort needs the support of the public, and respect of the rule of law. The EU is concerned about amendments to the Judicial Authority Law. The EU recalls the importance of the independence of the Judiciary, as guaranteed by the 2014 Constitution. The EU considers that other recent legislative amendments raise serious questions in terms of due process and fair trial guarantees.
22. The EU is concerned about the progressive restriction of **space for civil society** in Egypt and the **pressure put on human rights organisations and defenders**, including through arrests, asset freezes, travel bans, electronic surveillance and court summons. The EU calls on the Egyptian authorities to shed light on the circumstances of the death of the Italian citizen Giulio Regeni and the French citizen Eric Lang. Civil society is a key contributor to social and economic development and to the democratic consolidation processes, helping to build sustainable stability and security. It needs to be allowed to operate in an enabling environment. The EU welcomes the Egyptian government's objective of promoting women's rights and social and economic empowerment as illustrated by the designation by the Egyptian government of 2017 as "the Year of the Egyptian Women" and urges Egypt to seize this opportunity to address concerns about recent restrictive measures against women's rights organisations and defenders.
23. The EU is concerned about the subsequent consequences of the **new NGO law** on NGOs' activities and the space for debate and discussion in the country. It is necessary to ensure that the future implementation of the law does not additionally undermine fundamental freedoms enshrined in the Egyptian Constitution and constrain civil society's contribution to political, economic and social development as highlighted in the PPs. To this end the EU urges Egypt to open a meaningful dialogue with civil society. Some provisions, such as the ones related to the registration process, the activities NGOs are allowed to perform and the procedure for receiving domestic and foreign funding, are also likely to directly affect European cooperation assistance to Egypt. Indeed, a large part of EU and MS cooperation relies on non-governmental organisations as important implementing partners.

24. The EU is concerned about the efforts to limit free expression, as seen with the arrest and the sentencing of journalists on anti-state charges, the recent blocking of an important number of news websites and other measures limiting internet freedom, the arrest of political activists from opposition parties, as well as the closure of the Al-Nadeem Center for Rehabilitation of Victims of Violence. The EU calls on Egypt to be in line with its commitments to promote **freedom of expression, association and assembly**, as well as the freedom of the press, as guaranteed by the 2014 Constitution and according to Egypt's international obligations. The EU encourages Egypt to improve the situation with respect to civil and political rights, including freedom of expression both on and offline, and to review its legislation in line with international law and with the Constitutional guarantees with respect to human rights and fundamental freedoms.
25. The EU notes that Egypt is party to the UN Convention on the Rights of the Child and has been elected to the Committee on the Rights of the Child. The EU encourages Egypt to join The Hague Convention on the civil aspects of international child abduction.
26. The EU remains concerned about reports of **torture, enforced disappearances and poor detention conditions**, that were identified by the Egyptian National Council for Human rights, in its 11th annual report for 2015-2016, as one of the most common rights violations committed in Egypt and encourages Egypt to address these issues. The EU underlines the need for accountability for all violations. The handing down of **death sentences and mass trials**, as well as extrajudicial killings are also of particular concern. The EU reiterates its principled position against the death penalty and calls on Egypt to establish a formal moratorium with a view to its abolition.
27. In line with the 2013 transition roadmap to democracy, the EU also encourages Egypt to take steps to foster **national reconciliation and youth inclusion** that are key to Egypt's long term stability.

28. The EU highly appreciates Egypt's contribution in hosting refugees and migrants and its efforts in working to significantly reduce irregular migration flows, as well as smuggling and trafficking of human beings. It welcomes the adoption, in November 2016, of a new anti-smuggling law that provides a shift in legislation through criminalisation of smugglers, and including a provision for the creation of a fund to protect smuggled individuals in line with Egypt's international obligations. The EU will seek to support Egypt's efforts to strengthen its migration governance framework and its border management as well as its capacity to protect migrants' rights and to provide protection to those who qualify for it, in line with international standards. The EU and Egypt will reinforce cooperation on return of irregular migrants to their country of origin, in accordance with international law. This will go hand in hand with cooperation in addressing root causes of forced displacement and drivers of irregular migration, in particular underdevelopment, poverty and unemployment. Facilitation of regular migration and mobility in full respect of national competences can contribute to the development of skills and knowledge which could in turn contribute to the development of Egypt.
29. The EU and Egypt have a mutual interest in strengthening dialogue and cooperation in this field, through implementation of the Joint Valletta Action Plan and the existing multilateral fora, such as the Khartoum process, in which Egypt is actively involved, but also on a bilateral basis as set out in the new EU-Egypt PPs. In this regard, the EU looks forward to the agreement on terms of reference for the establishment of a formal EU-Egypt migration dialogue, as agreed during the EU Senior Officials' mission on migration that visited Egypt in January 2017 to identify avenues for a stronger, more strategic and comprehensive cooperation on migration. The EU also stands ready to support Egypt's efforts in addressing the migration challenges faced by the country, notably through the North Africa window of the EU Emergency Trust Fund for Africa (EUTF), as illustrated by the EUR 60 million programme that was presented in the board of the North Africa window of the EUTF on 23 May.

30. With its current seat in the UN Security Council and in the Peace and Security Council of the African Union, Egypt has an important role to play in contributing to peace and security in the whole region. As important and responsible regional actors, the EU and Egypt have a shared interest in reinforcing their cooperation in foreign policy and in particular to address the main **regional challenges**, including in Libya, Syria, the Middle-East Peace Process (MEPP) and in Africa. It is in our interest to enhance dialogue and cooperation on these issues both at the bilateral and multilateral levels.
31. The EU acknowledges that the instability in Libya poses significant security and humanitarian pressures on its neighbours, including Egypt. The EU and Egypt share the view that there is no solution to the Libyan crisis through the use of force and will continue their respective efforts, bilaterally or within regional organizations, to support the UN-led political process aimed at bringing stability, peace and prosperity for all Libyans. The EU remains fully committed to an inclusive inter-Libyan political process and warmly welcomes the appointment of Ghassan Salamé as new Special Representative of the UN Secretary General, whose mediation role, based on the Libyan Political Agreement (LPA), will be central. The EU commends ongoing efforts to bridge political differences and calls for the House of Representatives and the High Council of State to take forward consultations on limited amendments to the LPA, which remains the abiding framework for a solution to Libya's crisis, to make it more inclusive and to fully implement it.
32. Regarding the situation in **Syria**, the EU reaffirms the primacy of the UN-led Geneva process and calls for full support for the intra-Syrian talks in view of promoting a political transition in Syria.. Initiatives in view of reducing violence should be framed in support of the Geneva process. It is in our common interest to support steps to re-establish a full and effective cessation of hostilities and to reaffirm that the implementation of any agreements is key and should also be accompanied by country-wide sustained humanitarian access. Protection of civilians and territorial integrity is fundamental and all parties to the conflict and their supporters are expected to live up to their commitments. The EU reaffirms that only a credible political solution, as defined in UNSCR 2254 and the 2012 Geneva Communiqué will ensure the stability of Syria and enable a decisive defeat of Da'esh and other UN-designated terrorist groups in Syria. The EU welcomes Egypt's ongoing support to that effect.

33. The EU recognises Egypt's indispensable role and will continue to engage closely with Egypt in pursuing a just, sustainable and comprehensive resolution of the Israeli-Palestinian conflict, based on the two state solution, with the State of Israel and an independent, democratic, contiguous, sovereign, and viable State of Palestine, living side by side in peace and security and mutual recognition in line with relevant Council Conclusions. The EU and Egypt will continue to work towards that end with both Israeli and Palestinian counterparts, and all other relevant stakeholders in the region, in particular in the framework of the Arab Peace Initiative. The EU welcomes Egypt's efforts to alleviate the humanitarian crisis in Gaza which is impacting especially on the health sector and encourages all stakeholders to support the efforts by the UN Special Coordinator to achieve a sustainable solution to the electricity crisis.
34. The EU expresses its deep concern regarding the ongoing crisis across the Gulf and a strong interest in the stability of the **Gulf region and the unity of the GCC** which is key for the efficiency of our collective fight against terrorism and to deal with all regional issues. As key interlocutors and partners in the fight against terrorism and in finding a way out of some of the conflicts of the region, we want to preserve it from being exposed to further tensions. The EU encourages des-escalation, calls on all parties to engage and supports the mediation role of Kuwait which should lead to meaningful direct political dialogue. The EU stands ready to assist these mediation efforts in all ways that might be requested. The EU has the firm intention to keep strong relationships and ties with all the Gulf countries and hope that they will manage to restore good working relations among them.

35. In **Africa**, the EU and Egypt have a common interest in working together constructively to promote closer regional cooperation to reinforce this region's capacity to address the many challenges it is facing. The EU will work with Egypt and other stakeholders in a cooperative and predictable manner on issues regarding the Red Sea, while preserving the local buy-in and the local ownership of the region, as well as issues regarding the Nile basin for which the EU is aware of the political importance of a concerted and consensual approach. The EU and Egypt will continue to work together as co-chairs of the EU-Africa High Level Policy Dialogue on Science, Technology and Innovation to address key societal challenges affecting both continents, such as food and nutrition security, sustainable agriculture, climate change and sustainable energy.
36. The formal adoption of the new EU-Egypt PPs offers a unique opportunity to **reinforce the EU-Egypt bilateral partnership**, based on a set of jointly identified priorities. This reinforced partnership should allow for closer dialogue both on issues on which we agree and on which we differ, in a spirit of mutual trust and openness. Regular assessment of the progress made in the implementation of the PPs, through the various mechanisms foreseen in the PPs and through regular political dialogue, should allow us to maintain this positive momentum, in the interest of our people and region.
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