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**DYNAMICS AND EVOLUTION OF THE EU-EGYPT
RELATIONSHIP WITHIN THE ENP FRAMEWORK**

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Introduction

Egypt, like the other Southern Mediterranean (SM) countries, was more of a recipient than a co-initiator of the European Neighbourhood Policy (ENP) launched by the European Union (EU) in 2003. In fact, while being extended also to SM countries, the ENP was mainly intended for the EU's Eastern neighbours (Comelli, 2005). At that time, relations between the EU and Egypt were mostly conducted within the framework of the Euro-Mediterranean Partnership (Barcelona Process, launched in November 1995), and the related Euro-Mediterranean Association Agreement (AA), signed on 25 June 2001, had not yet entered into force.¹

The assumption behind the Euro-Mediterranean Partnership was that the Euro-Mediterranean space was indeed a region "in construction". Economic, political and cultural cooperation could therefore be established in the area, building on similarities and commonalities between the Northern and Southern shores. While this was clearly a European idea (Bicchi, 2004) following on from the successful story of regional integration in Europe, it met with a positive response from Middle East and North African (MENA) countries. Egyptian policy makers and scholars, who were engaged in a debate over whether to choose a Mediterranean-European or an "Eastern" (Arab/African/Islamic) foreign policy orientation (Selim, 1995), also responded positively to the Euro-Mediterranean proposal. However, the emphasis was more on relations with the EU than on the Mediterranean dimension as such.² Also, Egypt's participation in the EMP has been ambiguous and contradictory (Del Sarto, 2006: 70).

With almost 80 million inhabitants, Egypt is the largest country in the region; it has a strong, albeit underexploited, economic potential, and an important strategic role in the MENA region. Cairo is also the largest city in the Arab-Islamic world, of which it still represents the main hub of intellectual activity, around the Al Azhar mosque.³

Egypt has always claimed for itself the role of the EU's main Southern Mediterranean partner. At the same time, it carefully negotiates agreements and provisions with the

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¹ The "Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Arab Republic of Egypt, of the other part", entered into force on 1 June 2004. For the full text of the agreement see Official Journal of the European Union 2004 L304/39.

² It is interesting to note that only an insignificant number of documents and declarations posted at the official website of the foreign ministry of Egypt mentioned the EMP or the Euro-Mediterranean theme and documents on the Euro-Mediterranean Association Agreement referred to it as a "Euro-Egyptian agreement" (Del Sarto, 2006:70).

³ It is no mere chance that it was in Cairo that US President Barack Obama gave his speech addressed to the Islamic world in June 2009.

EU, which often results in their late adoption. This was the case with the EU-Egypt Action Plan (AP) within the ENP framework. Indeed, the AP was only adopted on March 6, 2007,⁴ significantly later than most of the other APs with Southern Mediterranean countries, which were concluded in 2005, with the exception of the one with Lebanon. The EU-Egypt AP has a duration of three to five years and the European Commission has agreed a €558-million financial support package for its implementation for the period 2007-2010. The aim is to support Egypt's internal reforms in selected sectors - democracy and human rights, the judiciary, and the health system - and to foster the country's economic competitiveness.

1. Egypt's progress in implementing the ENP Action Plan: partnership

Evaluating the progress of the EU-Egypt AP within the ENP can lead to different results depending on the way the ENP is considered. If we view it as mainly a joint partnership between two actors, then the result is slightly positive. But if we intend the ENP to be a transformative policy that should be able, through various mechanisms such as conditionality and socialisation, to transform neighbouring countries and bring their political and economic systems more closely into line with those of the EU, the result is pretty negative, especially in the political field.

The point is that the ENP itself suffers from a structural ambiguity: on the one hand, it has been presented as a co-owned partnership; on the other, its methodology, modelled to a large extent on the pre-accession strategy, is based on conditionality. Egypt views the ENP as a partnership between equals, and on this ground it rejects any EU attempts to interfere in its internal affairs (see next section).

From a strategic point of view, Egypt's most important relationship is without a doubt that with the US. However, the Egyptian leadership is careful not to stress the importance of this relationship, which cannot count on widespread popular support. By contrast, the country's relationship with the EU is better received by public opinion, but it is less important and mainly concerns (and is perceived to concern) economic and trade matters. However, it may grow in importance, should the EU succeed in raising its still low profile in foreign and security policy, especially with regard to the Israel-Palestine conflict. Egypt prefers to deal with EU countries on a bilateral basis, and cultivates particularly strong relations with big countries from the northern shore of the Mediterranean, such as France and Italy. Trade, cooperation and regional integration with the EU are nonetheless considered as essential, in contrast with cooperation and regional integration with Arab countries (Ebeid, 2004).⁵ According to the European Commission (2009), the total trade volume between Egypt and the EU

⁴ Similarly, the negotiations of the Euro-Mediterranean Association Agreement between Egypt and the EU lasted between 1994 and June 1999, yet another twenty months passed before Egypt initialed the agreement in February 2001, and another four months went by before Cairo finally signed it (Del Sarto, 2006: 157).

⁵ According to a poll conducted in 2000 by the Al Ahram Centre for Political and Strategic Studies, 28% of media professionals ranked the Euro-Mediterranean framework as the most viable and credible alternative, compared with 25% for Arab regionalism. However, 42% of media professionals ranked Arab regionalism foremost among regional integration frameworks, while only 13% ranked the Euro-Mediterranean framework first. Data reported in Ebeid (2004).

amounted to €20.66 billion in 2008. Egypt's exports to the EU rose by 13.1% in 2008 and EU exports to Egypt by 22.2% in the same year. The EU was Egypt's first trading partner in 2008, accounting for 35% of the country's total trade.

The dismantling of tariffs on trade in industrial goods is proceeding well, in line with the Association Agreement (European Commission, 2009:12). On 1 July 2008 the chief negotiators on both sides signed a preliminary agreement on further liberalisation of bilateral trade in agricultural, processed agricultural, and fish and fishery products, amending the related provisions in the Association Agreement. This was an important step for Egypt which, being a strong agricultural country, has in the past suffered from the barriers erected by the EU to prevent non-EU products from entering its internal market.

While trade cooperation between Egypt and the EU is increasing, sub-regional trade cooperation with other Southern Mediterranean countries is lagging behind. The Agadir Agreement, providing for a free trade area between Jordan, Egypt, Morocco and Tunisia, is a case in point, the results of its implementation being very modest (European Commission, 2009:12). Indeed, Egypt's trade with Agadir countries accounts for less than 2% of its total trade. One reason for this poor result is that the economic structures and export patterns of these countries are pretty similar, a factor which complicates trade among them.

Negotiations on trade in services are still at a very early stage.⁶ On the issue of the free movement of people, the ENP Action Plan with Egypt is far from ambitious, limiting itself to a very generic objective, with no clear goal or timeframe. The goal is to "enhance cooperation to facilitate the legal movement of people between Egypt and the EU through strengthening of the concerned institutions dealing with the promotion of employment, capacity building, as well as providing information about the employment opportunities for labour migrants in the EU" (ENP Action Plan EU-Egypt, 2007). In general, the absence of any specific provisions on a gradual liberalisation of visas is one of the main complaints of the EU's Southern partners. However, unlike inhabitants of the Maghreb countries, Egyptians do not overwhelmingly emigrate to EU countries. Indeed, many of them seek employment in non-EU countries, such as other Middle East countries, notably in the Gulf, where they tend to work in the building sector.

It is also important to note that Egypt has bilateral agreements in place with certain EU countries establishing a ceiling on the number of Egyptian migrants offered regular jobs. Egypt made such an agreement with Italy in 2007 and is now negotiating one with France. Egypt and Italy have also drawn up a readmission agreement.

2. Egypt's progress in implementing the ENP Action Plan: internal reforms

The implementation of the EU-Egypt Action Plan from the point of view of its reform potential is not very encouraging. Indeed, the Egyptian regime has always been opposed

⁶ Interview by the author with a Cairo University academic expert in trade, Cairo, December 2009.

to any upgrading of the relationship with Brussels that might lead to the EU “interfering” with Egypt’s domestic political system.

Egypt is an authoritarian regime with limited political pluralism or political competition. The brief political openness that characterised the 2004-05 period – the first partially competitive presidential elections were held in September 2005 – came to an end in the wake of the 2005 parliamentary elections, which were considered a watershed (Shehata, 2009:157). In fact, shortly after the parliamentary elections, which saw opposition groups making significant gains, the regime adopted a series of measures leading to the demobilisation of opposition movements and the de-liberalisation of the political sphere.

In 2006 the regime postponed local elections, extended the state of emergency for two years, cracked down on popular protests and launched a severe repression against the Muslim Brotherhood, the predominant Islamist group with a large following. In 2007, Egypt’s ruling National Democratic Party (NDP) used its majority in parliament to adopt a series of constitutional amendments that diminished judicial supervision of elections, banned political activity based on religion and gave the executive authority, specifically the president and the security forces, unprecedented powers.

It is within this context of serious political deterioration that the EU-Egypt Action Plan was adopted (Dunne, Hamzawy and Brown, 2007). Not surprisingly, this is extremely cautious on political reforms. In fact, it only mentions in general terms the need to increase political participation, omitting any reference to change the authoritarian laws (Comelli and Paciello, 2009). For instance, the AP refers to the need to “strengthen participation in political life, including the promotion of public awareness and participation in elections”, and “to exchange experience in the field of elections and jointly develop cooperation in areas of shared interest including through providing assistance on registering electors and capacity building”. Furthermore, the elections held in June 2007 for the Shura Council, the upper chamber of the Egyptian Parliament, did not improve the country’s political outlook: while the ruling National Democratic Party won the elections, there were reportedly widespread irregularities, acts of violence and a wave of arrests of political opposition activists.

An EU Presidency statement called on Egypt to investigate allegations of irregularities and violence during the June 2007 elections, but there is no indication that such an investigation has so far taken place (European Commission, 2008:3). In 2008 the situation did not improve. On the contrary, it deteriorated: local municipal elections held in April resulted in an overwhelming victory for the NDP, which won around 95% of the seats. Thousands of candidates, both independent and from the legal opposition parties, were prevented from registering or saw their candidacies rejected by the electoral committees (European Commission, 2009:4).

In addition, in May 2008 the Egyptian Parliament extended the state of emergency, adopted in 1981, by two more years: until 2010 or until new anti-terror legislation is passed. As noted by the European Commission (2009:5), the number of people estimated to be imprisoned under the emergency law could run to thousands; the law remains a major obstacle to the full respect not only of political, but also of human

rights. Freedom of association remains a concern in Egypt. The AP with Egypt – as well as APs with all Southern Mediterranean neighbours – includes a chapter on human rights and democratisation, and a human rights subcommittee has been set up in order to monitor the its implementation. However, the minutes and outcomes of the meetings are not made public and commitments made between the annual meetings are followed up to only a limited extent (Euro Mediterranean Human Rights Network, 2009:2).

The point is that ruling elites in Egypt, as in other SM countries, are mainly interested in improving their trade and economic co-operation with the EU and reluctant to engage in a real political dialogue. They have not discussed the ENP reform agenda with opposition parties and civil society groups, and have agreed to adopt only those reform policies that do not threaten the status quo and internal security (Comelli and Paciello, 2009:59).

The EU's transformative power reveals its limitations when applied to Southern Mediterranean countries such as Egypt. What the EU offers them has proved insufficient to trigger reforms. Furthermore, the EU has always been reluctant to apply negative conditionality to SM countries that do not respect human rights. It has never applied the so-called “human rights clause”⁷ contained in each of the Euro-Mediterranean agreements. The EU has shown to prefer the status quo represented by the authoritarian regimes in power. It also shares the fear of a possible electoral victory of the Islamic parties, which may have an unpredictable impact on their domestic and foreign policies.

The only institution that has been vocal in criticising Egypt's democracy and human rights record is the European Parliament (EP), which in January 2008 adopted a resolution calling on the government in Cairo to adopt a range of measures to improve democracy and human rights. These included ending the harassment of journalists and human rights defenders, lifting the state of emergency, investigating suspected cases of torture and guaranteeing the independence of the judiciary (European Parliament, 2008). However, the EP lacks any power to put pressure on third countries. The Egyptian government reacted harshly to the EP resolution, cancelling a number of official meetings with the EU. And the situation on the ground has since not improved. The picture looks brighter for economic reforms: there is no doubt that they have proceeded faster in recent years than political reforms. However, even though Egypt has succeeded in improving its macro-economic performance and has engaged in a gradual process of liberalisation and privatisation, such policies have failed to deliver the expected benefits of long-term growth, increased investment, strong productivity, competitiveness and employment (Comelli and Paciello, 2009:64).

Not only have economic reforms favoured the economic interests of the elite group, but the expected benefits for the rest of the population have not yet materialised. Progress on the macro-economic front remains vulnerable insofar as the reforms have not addressed the structural causes of the fragile growth: a barely diversified economy,

⁷ This clause entitles each party to the agreement to take “appropriate measures”, going as far as the suspension of the agreement, in the event that the other party fails to comply with human rights provisions. For further details see Bartels (2004).

vulnerable to natural and external shocks and highly dependent on external rents. As Michelle Pace (2008) aptly argued, we are confronted with “A tale of two Egypts”: a country that is enjoying strong growth and improving its economic situation, and one where many people live on or below the poverty line.

3. The Union for the Mediterranean and the challenges ahead

Egypt’s reaction to Sarkozy’s idea of launching the Union for the Mediterranean (UfM) was positive for two reasons. First, in contrast with the ENP, the UfM placed much more emphasis on co-ownership and less on EU-led reforms. And second, Egypt was given the co-Presidency of this initiative, together with France. In this way, Egypt’s role as a sort of *primus inter pares* among Arab countries was perceived to be fully recognised by EU countries.

However, following the Israeli attack on Gaza in December 2008, no political-level meetings of the UfM have taken place. The crisis affecting the UfM has also dealt a blow to the Euro-Mediterranean partnership, which was absorbed into the UfM. The whole Euro-Mediterranean relationship is in a deep crisis which involves not only the practice but also the very idea of a Euro-Mediterranean space of partnership and cooperation. In this context the ENP, for all its mixed record of results and the considerable criticism it has attracted from both policy makers and scholars, has turned out to be the most concrete policy initiative for the EU’s cooperation with SM countries, Egypt included.

The European Neighbourhood Policy is, indeed, less likely to be affected by the political problems standing in the way of more ambitious multilateral endeavours in the Mediterranean area. For this reason, the ENP is likely to remain the main framework for relations between the EU and Egypt in coming years.

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