

EU-Egypt Task Force - Co-chairs conclusions

The first meeting of the joint Egypt-European Union (EU) Task Force took place on 14th November in Cairo as agreed on the occasion of the visit of President Mohamed Morsi to Brussels on 13th September. The Task Force was launched by Egyptian Foreign Minister Mohamed Kamel Amr and Catherine Ashton, EU High Representative/Vice president and was inaugurated by Egypt's Prime Minister H.E. Dr. Hisham Kandil. Ministers of the Egyptian Government, European Foreign Ministers, EU Commissioners, Members of Parliament, President of the EIB, International Financial Institutions' senior officials, business leaders, the Secretary General of the UfM, as well as representatives from civil society, participated in the Task Force.

The Task Force was the occasion for the EU to send a strong political message in support of the democratic reform process Egypt has embarked on following the 25th January 2011 revolution, in which the Egyptian people demanded their legitimate political and socio-economic rights, particularly freedom, social justice, dignity and prosperity.

A new era in EU-Egypt relations for a closer partnership

A new era in the relationship between the EU and the new Egypt has started. As equal partners, with common aspirations and values, we are willing to work as closest allies. This mutually-beneficial partnership is based on solid co-ownership, mutual respect and complementarity of interests. It aims at ensuring sustainable inclusive economic growth and socio-economic development, through creating jobs, promoting investment, trade, tourism, technology transfer, know-how and innovation. In support of the ongoing democratic transformation, Egypt and the EU will work together to overcome the socio-economic challenges, thus setting an example for the region and beyond.

The people of Egypt have for the first time, exercised their political rights in free and fair presidential and legislative elections which were commended by the international community. The election of the first ever civilian President in the history of Egypt is a milestone in the country's democratic transformation process. These developments will usher a new era in EU-Egypt relations and contribute to a closer partnership based on the promotion of peace, stability and prosperity and the overarching values of respect for social justice, social-economic development, rule of law, human rights and good governance.

The EU underlined that the cornerstone of its new approach outlined in the new European Neighbourhood Policy (ENP) adopted in May 2011 is to provide greater support to partners committed to building a deep and sustainable democracy.

A number of important events, ahead of the Taskforce, were also held in Cairo.

- Antonio Tajani, Vice-President and Commissioner for Industry and Entrepreneurship co-chaired the **Business and Tourism summits** with the participation of Štefan Füle, Commissioner for Enlargement and European Neighbourhood Policy. On the Egyptian side, Hatem Saleh, Minister of Industry and Foreign Trade, Osama Saleh, Minister of Investment, Dr. Ashraf Elaraby, Minister of Planning and International Cooperation and Mohamed Hisham Zaazou, Minister of Tourism co-chaired. The meetings brought together more than the 250 European and Egyptian business leaders to promote investment and tourism in the new Egypt. The declarations of these meetings are attached.
- A European and Egyptian **inter-parliamentary meeting** emphasized the importance of mutual respect for political, socio-economic and cultural rights. The importance of increasing understanding and dialogue on respecting all religions was emphasised.
- A second meeting was organized with Egyptian and European representatives of **civil society organizations** which focused on their role in Egypt's transition. The conclusions of both meetings are attached.

- Following a major international co-operation and technology transfer, the authorized facsimile of the **Tutankhamun burial chamber** was unveiled at the Task Force as a gift to the Egyptian people, marking the 90th anniversary of its discovery. It will be transferred to its final destination in Luxor, where it will create skilled jobs opportunities.

I. Conclusions from the Political session of the Task Force

Asset Recovery

The Task Force underlined that the freezing and recovery of misappropriated assets is a major political issue for Egypt and for the EU. Under the leadership of President Morsi, Foreign Minister Amr, President Barroso and HRVP Ashton, with the full support of EU Member States and the European Parliament, the Task Force agreed on enhancing their cooperation.

The EU and Member States expressed their willingness to work with Egypt to eliminate obstacles that hinder this endeavour, including, by giving timely consideration to the execution of the Egyptian mutual judicial assistance requests presented in this regard, including those in relation to persons or entities that deprive the Egyptian people of the sustainable development of their economy and undermine democracy. Asset recovery can be achieved by bilateral judicial mechanisms and multilateral co-operation such as through the UN Convention against Corruption. The EU will play an important role in this regard, including coordination.

Since March 2011, 19 persons responsible for the misappropriation of Egyptian state funds, including former President Hosni Mubarak, have had their assets in the EU frozen. They are subject to judicial proceedings by the Egyptian authorities for the misappropriation of state funds.

The EU and Member States have been working for some time on an amendment to the legislative framework relating to Egypt's sanctions regime to facilitate information sharing in relation to asset recovery. This revision would authorise EU member states to release frozen assets on the basis of expropriation orders and other judicial decisions recognized in EU states. When adopted, this would represent a crucial step that the task force welcomes.

In recognition of the need to further accelerate the process, the Task Force agreed to finalize a road map within the coming three months. This could include the establishment of an Asset recovery group, co-ordinated by the EEAS, which will:

- Promote bilateral technical cooperation to build capacity and share information.
- Mobilise all EU institutions to share knowledge, maximise co-operation and amend legislation as appropriate

The EU will continue to take a leadership on the issue of asset recovery and work closely with international partners, such as Switzerland, the international financial institutions, notably the World Bank StAR initiative and the G8 to map the state of play, propose concrete next steps and enhance co-ordination. In this context, the EU and Egypt welcomed the World Bank Asset Recovery workshop taking place alongside the Task Force.

Political dialogue

Egypt presented an overview of the political developments that took place since the January 25th Revolution. Participants discussed the ongoing process of reforms in particular the drafting of a new constitution based on consensus that reflects the aspirations of all Egyptians. Following approval by referendum, parliamentary elections will be held within sixty days.

Egypt underlined its commitment to continue on the path of building a modern democratic society, based on principles of rule of law, respect of human rights and fundamental freedoms, and responding to the socio-economic and political needs and aspirations of all Egyptians. In this regard, Egypt's Government is taking tangible steps to alleviate the socio-economic burdens facing the country through long-term sustainable solutions.

The EU reiterated its strong support to Egypt's commitment to building democracy and to overcoming the socio-economic challenges, and emphasized the importance of full Egyptian ownership of this process. The EU congratulated Egypt for the organization of peaceful and fair Presidential elections which constitutes an important cornerstone in its democratic transition process. In addition, the EU welcomed the on-going drafting process of Egypt's new Constitution, as a reflection of the aspirations of the Egyptian people for dignity and social justice, respect of human rights and fundamental freedoms. The EU welcomed the Egyptian road map to complete the democratic transitional process, and reiterated its offer to send an observation mission for the Parliamentary elections when requested by the Egyptian side.

The Task Force underlined its commitment to the promotion and respect of human rights, including women rights and gender equality – with a view to empowering women in all fields - freedom of expression and association, and the freedom of religion or belief. It also condemned all forms of incitement to religious hatred, intolerance, hostility and violence, and underlined the need for increased dialogue between civilizations, cultures and religions. The Task Force believes in the importance of increasing understanding and dialogue on respecting all religions.

The Task Force emphasized the important role of civil society in contributing to the socio-economic development, building democracy, the rule of law, and respect for human rights and fundamental freedoms.

Rapporteurs of the inter-Parliamentary and civil society meetings briefed the Task Force on their debates.

II. Conclusions from the Economic session of the Task Force

Egypt presented the main elements of its new, far reaching, home-grown socio-economic programme, which envisages deep structural reforms aimed at promoting growth and employment, reducing poverty and securing sustainability over the medium and long terms. Rebuilding confidence and addressing current fiscal challenges remain top priority for the Egyptian government. Even in a difficult global economic situation, the government is determined to undertake necessary measures to promote private investments and improve the domestic business environment including for SMEs.

Fiscal consolidation will be primarily achieved through programmes to streamline energy subsidies and broaden the tax base. Most of the tax reforms will be levied on the higher income groups. An appropriate share of the additional revenues will be redirected to spending on health and education, strengthening the social safety net and protecting the most vulnerable groups. The government has launched several projects under the PPP umbrella in areas of solid waste management, water, roads, health and others. Fighting corruption is also very high on the Egypt government agenda.

The EU welcomed Egypt's ambitious programme and the economic reforms as the basis for an enhanced bilateral dialogue. This will help define key policy measures that can be supported by the EU's financial assistance programmes for Egypt, in particular the envisaged Macro-Financial Assistance and budget support operations. Progress with macroeconomic stabilisation and economic reform should, over time, strengthen the performance of the Egyptian economy and contribute to meet the expectations of the Egyptian people, including a prosperous future for Egypt's new generation.

Stimulating investment in Egypt

The Task Force welcomed the success of the business summit and the high turnout of European companies for the event. The Egyptian government confirmed its commitment to create a more conducive and predictable business environment in order to boost and protect investment and create employment, in particular for young people. The Declaration related to the Business summit is attached.

The Task Force welcomed the signing of Letters of Intent between the European Commission and the Egyptian government aimed at enhancing co-operation on SME policies, on standardisation and on industrial co-operation.

Boosting sustainable Tourism

The Task Force welcomed the momentum provided by the dedicated tourism summit to identify concrete measures to boost the Egyptian tourism industry, including capacity-building, training and the encouragement of EU investment. The Task Force appreciated the commitment and high participation of European and Egyptian associations and companies in the summit and underlined the pivotal role of tourism in Egypt's economic recovery. The Task Force agreed that it is essential to revive the tourism sector - which provides one in seven jobs - by close collaboration between the public and private sector and through securing a stable environment.

The Task Force agreed to establish a bilateral consultation mechanism to promote cooperation in the field of tourism by holding an annual dialogue of Senior Officials. The first meeting will be held during the first quarter of 2013. The Declaration is attached.

III. Strengthened Financial and Technical Assistance

The EU has already made available €449 million for the period 2011-2013. This week the Commission adopted financing decisions worth €120 million for two programmes designed to help Egypt meet the challenge of employment creation and enhancing technical and vocational training.

The Task Force acknowledged the difficulties the Egyptian economy is currently facing and the need for immediate further supporting measures to respond to the socio-economic challenges and in support for the on-going democratic transition. To this end, the EU will provide additional financial support to Egypt of **€253 million in the form of grants**. Upon the agreement of an Egypt-IMF arrangement, the EU will provide an **additional €50 million in grants** and **€450 million in concessional loans**, in the form of Macro-Financial Assistance.

The **€253 million grant** element includes the following:

- **€90 million** from **SPRING** (*Support for Partnership, Reform and Inclusive Growth* across the Southern Neighbourhood);
- **€163 million** from the **Neighbourhood Investment Facility**, which will accompany loans in several sectors for 2012-2013.

The EU and Egypt agreed at the Task Force meeting to establish a **Budget Support** operation of up to €200 million that will be fully aligned with the Government's Socio-Economic Programme. This operation will combine existing bilateral funding (up to €110 million) and the additional money that has been made available under the SPRING programme (€90 million, referred to above). The Programme will be designed in partnership with other donors.

In that context, the EU expressed its strong support to the urgent finalisation of an IMF programme of \$4.8 billion for Egypt which will provide very positive signals to the international community, alleviate financing constraints, and provide a framework for reforms which are essential for the short term economic recovery but also for the longer term development of the country.

European Investment Bank

The EIB has established an extensive pipeline of new projects for the years 2012-2013 with estimated annual commitment of **up to €1 billion**, thus more than doubling the level of annual activity of last years.

For this year alone, the Bank's commitment has reached €750 million, helping to finance four important projects two of which were signed during the Task Force, for €245 million. The EIB intends to focus the bulk of its activities on private sector development and key infrastructure projects to support inclusive growth and job creation, where possible to address youth unemployment in particular.

In this context, the EIB is scaling up its risk capital operations, first, through the creation of a “New Inclusive Growth and Transition Fund” which would dedicate up to €60 million to equity investments in SME's, as well as supporting financial institutions to improve access to finance for SMEs, micro enterprises and the self-employed. Further ahead, with a particular focus on youth employment, the Bank is also working on the promotion of accelerators, which combine seed funding and intensive mentoring in order to transform innovative business ideas into viable investment propositions in a short timeframe.

In order to meet the aspirations of the Egyptian people and comply with the financing requirements of the Egyptian economy, a blending with grant elements from the EU budget will be essential in order to offer an attractive and integrated European financing package.

European Bank for Reconstruction and Development

Egypt is expected to become a Country of operations of the EBRD by the end of this month, making it eligible for EBRD investments. These will build up over 2-3 years to an annual volume that compares with countries of similar size in Eastern Europe, which could range **up to €1 billion** depending on needs and opportunities in any given year.

The EBRD will prioritise the private sector and especially SMEs through financing and technical assistance in a range of business sectors, including general manufacturing and services, agribusiness and food industries, financial services, energy and infrastructure in addition to supporting PPP initiatives and projects.

Over the next two years, in Egypt EBRD will be rolling out a special initiative for food security which combines EBRD funding for private sector investments along the food value chain (with a specific focus on underdeveloped food logistics and value-added food processing) with targeted technical assistance and policy dialogue support, including through the Bank's legal transition team.

IV Deepening Egypt-EU Partnership

Political Dialogue

Egypt and the European Union will hold regular ministerial consultations in order to enhance bilateral relations and assess regional and international affairs, particularly in areas where their deeper integration can have a positive impact on world affairs such as trade, development, regional security, education and culture, human rights and democracy-building. Specific meetings can be organised on topical issues.

Union for the Mediterranean

Egypt and the European Union have always promoted regional integration and value the role of the Union for the Mediterranean. The Secretariat of the UfM will work with the Egyptian authorities to develop projects under the framework of the Mediterranean Initiative for Jobs (Med4Jobs). This will seek to improve functioning of the labour market in Egypt from both the demand (job creation) and the supply (employability) sides. In addition projects under the Egyptian Renewable Energy Master Plan also hold a strong potential for implementation in the framework of the UfM. Furthermore, UfM projects on women empowerment are also envisaged to support social development in Egypt.

Trade facilitation and economic integration

The Task Force reiterated the special role of trade and investment in facilitating economic growth, boosting competitiveness and employment as well as in reducing poverty. The substantial increase of bilateral trade under the Association Agreement which has more than doubled since its entry into force in 2004, was particularly welcomed. Building upon the existing relationship, the EU and Egypt agreed to jointly explore how to deepen trade and investment relations, including i.a. the possible negotiation of a deep and comprehensive free trade area.

The Task Force noted that the establishment of a DCFTA would entail regulatory convergence through the alignment of legislation in mutually agreed areas. In this context the EU expressed readiness to support capacity-building in relevant areas such as sanitary and phytosanitary measures, technical regulations, customs procedures. The EU and Egypt will work together to identify priority areas where assistance could be provided. Moreover, the EU trade programme (€20 million) signed today will contribute to this process. The programme will also help in preparing negotiations on Agreements on Conformity Assessment and Acceptance of Industrial products (ACAAs) for priority sectors identified by Egypt.

The Task Force agreed on the importance of enhancing regional integration. The EU encouraged Egypt to accede to the pan-Euro-Med Convention on the preferential rules of origin to allow the economic operators to better react to rapidly changing economic realities. The role of the Agadir Agreement to enhance regional trade and investment relations was also underlined.

Agriculture

The Task Force recognised that a revitalised agricultural and rural development policy will be essential for the new Egypt to meet its economic, social and environmental objectives. This will require close co-operation between the public and private sectors, Egyptian and international operators. To this end, the EU and Egypt agree to engage in a high-level dialogue with a view to sharing knowledge and best practice on how to move to a more sustainable, productive and diversified agriculture and rural development that meets the needs of the Egyptian people.

Energy

The two sides also acknowledged that a revitalised energy policy will be essential for the new Egypt to meet its economic, social and environmental objectives. Enhanced co-operation between the public and private sectors, Egyptian and international operators is of utmost importance. To this end, the EU and Egypt agree to activate the Memorandum of Understanding on Strategic Partnership on Energy between the EU and Egypt to move to a more sustainable and diversified energy policy that better fulfil this objective.

Higher Education

The EU commended Egypt's strong participation in Erasmus Mundus and Tempus and recalls that cooperation and mobility opportunities have been boosted by increasing significantly the EU's funding for higher education in 2011-2013. This has led to a doubling of Egyptian participation in both programmes. The EU agreed on the importance of continuing to support young people and welcomed the expanded scholarship opportunities for Egyptian student who wish to complete their studies in Europe. The EU also emphasized the importance of modern technical and vocational education and training developed on the basis of the needs of industry.

Science, Technology and Innovation (STI)

Egypt and the EU agreed to support structural measures, co-operation/twinning of Egyptian research institutions with EU counterparts as well as institutional capacity building to:

- Develop the absorption and growth capacity of the R&D sector in Egypt,
- Exploit STI to create new knowledge-intensive businesses with high employment potential

Egypt has also successfully managed the EU funded RDI-Programme which links the academia and industrial sectors and funds-applied research and innovation projects.

Egypt already has the strongest participation of any Southern Mediterranean partner within the 7th EU Research and Technological Framework Programme 2007 – 2013. To mark the 2012 year of science and innovation, an event will be held in March in Cairo, focussing on areas of shared interest such as health, food security and renewable energy. In autumn 2013, a second networking event in Cairo will highlight the opportunities available under Horizon 2020 in a range of different scientific areas.

Information Society

Stakeholder meetings including industry and government were held on 12 Nov to explore the potential of Information Society technologies. As a result of these meetings, a number of concrete cooperation areas were jointly identified. Targeted actions in these areas are expected to benefit the further development of a fair, modern, open, competitive and transparent ICT market in Egypt therefore supporting its economic growth and development.

Culture

Throughout history, Egypt has always been a cornerstone of cultural development and exchanges between the Arab and the Western world. Culture needs to be paid specific attention and stimulated as a driver of mutual trust and dialogue between communities as well as a key factor for economic and social development. Artists, museums, creative industries or cultural centres can change mutual perceptions of citizens from both sides and contribute to build confidence. Culture can also produce a social and economic impact on numerous sectors, from tourism, to education, innovation or urban development. The Task Force proposes the launch of an EU-Egypt cultural platform of discussion to hold regular meetings and design a joint strategy in this respect.

Mobility and Migration

The Task Force agreed to address the issues of mobility and migration in a comprehensive and balanced approach, taking into account the increasing contacts between Egypt and the EU in all areas of their diversified cooperation.

The Task Force acknowledged the positive contributions of Egyptian communities to the development of the European societies in which they live.

The EU side reiterated its readiness, to start with Egypt a "Dialogue on migration, mobility and security" on the basis of the European Council conclusions of 24 June 2011. The Egyptian side will consider the possibility of starting a dialogue with the EU in this regard.

In the short term, the Task Force encouraged EU Member States to use all the possibilities of visa facilitation offered by the Schengen code for students, researchers, business people and all other bona fide travelers.

V Ensuring follow-up

The Task Force emphasised the importance of close co-ordination and concrete follow-up mechanisms, to ensure the implementation of its recommendations, decided:

- The EU and the Egyptian Government will meet regularly to assess progress and implementation of the recommendations agreed by the Task Force
- The joint bodies established under the EU-Egypt Association Agreement will monitor and follow-up the implementation of the recommendations of the Task Force.
- A second meeting of the Task Force will be organised in 2013 upon agreement between the parties.

Annex 1 – EU Agreements

For the launch of the EU-Egypt Task Force to support on-going Egyptian reforms, Catherine Ashton, High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the Commission, has signed financing agreements – worth a total of €82 million in EU grants – in the areas of support for agricultural SMEs, trade and domestic market enhancement and the expansion of the Cairo Metro. The agreements were signed on the Egyptian side by Minister of Planning and International Cooperation Ashraf El Araby.

Two of the agreements signed come under the umbrella of the EU's National Indicative Programme for Egypt:

- The **Support for Agricultural SMEs** project (EU contribution €22 million) will target job opportunities and income generation in rural areas and seek to develop the agricultural sector. It will focus on access to credit for SMEs, technical assistance to improve productivity in dairy and the aquaculture sector. The project is a joint initiative with the French Development Agency (Afd), which is providing a loan of €30 million alongside the EU's €22 million grant.
- The **Trade and Domestic Market Enhancement** agreement (EU contribution €20 million) will support the Ministry of Industry and Trade to help Egypt further integrate in the global and regional economies. Its first component focuses on capacity building, in particular on negotiation of trade agreements, while the second component focuses on industrial quality and the alignment of quality accreditation bodies to international standards.

The third agreement fall under the umbrella of the EU Neighbourhood Investment Facility, designed to leverage funds from other financing institutions:

- The **Cairo Metro expansion** agreement comes in the form of a €40 million grant, accompanied by loans from the French Development Agency AfD (€300 million) and from the EIB (€600 million). Contributions from private sector lenders and the Egyptian Government bring the total cost of the project to over €2 billion. The project finances the design, construction, and commissioning of a 17.7 km stretch of metro with 15 stations.

Annex 2 – European Investment Bank (EIB) Agreements

The EIB President Werner Hoyer welcomed the launch of the EU-Egypt Task Force and recalled the Bank's mandate to support economic development in the Arab Republic of Egypt. Since starting operations in Egypt in 1979 the Bank has signed a total amount of EUR 5.7bn, leveraging total investments in the order of EUR 20bn to private and public sector projects, with EUR 3.5bn of Bank lending signed in the last 10 years.

The portfolio of projects recently approved by the Bank's Board of Directors - with Finance Contracts to be signed - amounts to EUR 752m, of which EUR 245m were signed the during the Task Force meeting.

Community Development Programme (CDP)

The programme – promoted by the Social Fund for Development (SFD) - will finance investments in basic and community infrastructure, as well as credit lines to Micro and SMEs, to support job creation and improve standards of living among socially disadvantaged communities in urban areas. The total cost of the programme is EUR 90m, to which the EIB is extending a loan of EUR 45m, with grant co-financing from the EU Neighbourhood Investment Facility (NIF) of EUR 15m. The Finance Contract was signed by Gamal Negm, Deputy Governor and Nedal Assar, Sub-Governor Investments and Foreign Relations, of the Central Bank of Egypt (CBE); Ghada Waly, Managing Director of SFD; and Werner Hoyer, President of the EIB.

Cairo Metro Line 3 Phase 3

The project – promoted the National Authority of Tunnels (NAT) – will finance the extension of Line 3 of Cairo Metro, which will contribute to **reducing traffic congestion, enhance mobility and access to jobs and social services among Cairo’s population, and significantly decrease pollution, including CO2 emissions.** The total cost of the project is estimated to approximately EUR 2bn, with an EIB loan of EUR 600m, co-financed by AfD with a loan of EUR 300m, and EU NIF with a grant of EUR 40m. The Finance Contract of EUR 200m, representing the first tranche of the EUR 600m approved, was signed by Gamal Negm, Deputy Governor and Nedal Assar, Sub-Governor Investments and Foreign Relations, of CBE; Atta El Sherbiny, Charman of NAT; and Werner Hoyer, President of the EIB.

Moving forward, to support economic growth, job creation and socially-balanced development in Egypt, while reinforcing cooperation with the EU, other IFIs, and the donor community, the Bank intends to: (i) focus support on private sector investments in sectors key to economic development; (ii) target infrastructure projects that can contribute to improving the business environment and FDI, including PPPs; and (iii) promote SMEs through risk capital operations and lines of credit to financial intermediaries. To this end, the Bank is working on an extensive pipeline of projects, with anticipated annual commitments in the range of EUR 700m to EUR 1bn, thus more than doubling the current level of annual EIB activity in the country.

Annex 3

Declaration of the EU-Egypt Task Force Business Summit

Preamble

All parties participating in the Task Force Summit are;

Conscious of the long standing relations between the European Union and Egypt at all levels, and the needs to further such relations especially through the promotion of trade, Investment, technological and technical cooperation;

Recognizing the active role required from the business community and its representative associations in support of governmental initiatives for economic development, and bilateral and regional economic cooperation;

Aware of the existing bilateral and regional agreements, protocols and programs as well as the tools and instruments availed by the European Union, its Member States, G8, and multi-lateral development institutions that could assist economic cooperation between EU and Egyptian enterprises;

Responding to the need to further support such economic cooperation at the business-to-business level in all sectors;

Acknowledging the importance of cooperation with key stakeholders including EU institutes, the Union for the Mediterranean, the Med Alliance, the Center For Mediterranean Integration, European Institute of the Mediterranean, and other key actors for the promotion of trade and investment;

Aiming at creating the highly needed new jobs in a sustainable manner while protecting the Mediterranean environment;

Supporting the Euro-Mediterranean Partnership in the spirit of the Barcelona Declaration, the Union for the Mediterranean and in conformity with the Association Agreement,.

Accordingly all parties herein shall strive, where and when possible, to ensure the maximum collaborate on both bilateral and regional levels while respecting the total independence of every and each party.

Hence, all parties herein shall spare no effort to:

Strengthen bilateral trade relations

Where both sides should progressively enhance and deepen bilateral trade with an eye on using Egypt as a hub for manufacturing for joint exports to third countries.

Boost investment

Where EU member state's businesses should take advantage from the international financial crisis and consider investing more in Egypt which show steady positive economic growth and pace of on-going reforms, avail high skilled labour force and abundant resources, provide advantageous costs and cater to a 1.4 billion consumer market under various free trade agreements.

Foster SME's

Where further development of the Egyptian SME's, which represent 95% of Egyptian enterprises and are providers of two thirds of jobs, constitutes one of the keys to employment and economic growth in the country.

Support a stable strategy in a changing business climate

While some short term measures may be needed to assist Egypt in dealing with the economic situation, the overall strategy of promoting a better business environment remains unchanged. The Euro-Egyptian Businesses therefore continue to be committed to the goals and basic targets of action defined.

Accordingly, all parties herein shall collectively implement a strategic work plan:

- ***Its goals shall encompass:***
 - i. Boosting trade in goods and services
 - ii. Increasing investment and strategic alliances
 - iii. Expanding cooperation in innovation, technology transfer and human resources development
 - iv. Increasing third country cooperation where appropriate
 - v. Contributing to macro-economic stability targets and a conducive regulatory environment for investment

- ***Its pillars of action shall include assisting in:***
 1. Improving the trade and investment climate
 2. Enhancing financial and regulatory Instruments
 3. Actively fighting protectionism on both sides
 4. Protection of IPR
 5. Emphasizing on education and training
 6. Enhance joint research & innovation and localization of novel technologies
 7. Responding to the employment challenge

8. Honouring commitments of governments and executive bodies that were in line with legislations
9. Establishing a mediation problem solving mechanism
10. Rendering Egyptian companies eligible to third country EU programs
11. Increasing networking and matchmaking activities, with an eye on third country markets where appropriate, especially in free trade areas.
12. Promoting cooperation in renewable energies, transport & logistics, ICT, and retailing& franchise.
13. Utilizing maximally the available EU and member states instruments, and supporting existing programmes, projects and initiatives.

The Key Issues addressed include:

Both sides are aware that the present economic situation poses numerous problems and challenges in both the EU and Egypt, but from a business perspective, however, such problems represent lucrative business opportunities, if properly addressed

An environment conducive to investment, both local and foreign, is the only way forwards.

Protective measures have proven to be a failing economic approach worldwide. Governments should clearly announce their economic directive, and respect their international commitments especially with regards to investment protection and free trade arrangements

The rule of law is key. We recommend that governments should honour the contracts and commitments enacted by previous governments and executive bodies as long as they were according to the laws and economic directives at the time of enacting.

Egypt main advantages are in its human wealth and geographic location. Major investments in education, training and upgrading the logistic infrastructure is a priority where the EU and private sector must proactively contribute.

Security and protection of public and private property is key for all economic sectors. The government is addressing this issue as a priority

Private sector respect all internationally agreed upon labour rights including the right to strike, however, that should be in accordance to the procedures set by the law. Strict enforcement of criminal law should be applied to those who occupy, obstruct or destruct public and private utilities and establishments or their operation

The social dimension should be addressed, while safeguarding the competitiveness of the economy. Short term measures that pose long term negative economic impact should be avoided.

The EU should permit Egyptian companies to partake as partners to contractors and service providers in EU funded projects within third countries, especially in Africa.

The EU should increase programs catering to business networking implemented by non state actors. Moreover, the regional element of the ENPi and ERDF should be widened. Moreover, the bridging success of Cross Border Cooperation should be expanded and replicated to the transnational programme ENPI MED of European territorial cooperation to include southern Mediterranean countries

Non banking finance should be expanded through EIB and EBRD to assist SME to access the highly needed finance for their growth.

Egypt has the sun, wind and land, while the EU has the technology and the energy need. Support to renewable energies and their applications should not wait any longer. Moreover, Egypt should immediately adopt its feed in law and energy conservation law.

PPP is a way forwards especially for infrastructure projects in all sectors, the EU should provide TA to the GoE in that direction and IFI's should avail non-sovereign long term funding in that direction

ICT is a promising cooperation sector where Egypt has the qualified human resources, and Arabization capacity, that would render such cooperation profitable to both sides.

Annex 4

Cairo Declaration **on co-operation in the field of tourism** **between Egypt and the European Union**

In the context of the first meeting of the Egyptian-EU Task Force meeting held in Cairo on 13-14 November 2012, the Tourism Summit took place on November 13 with the participation of major stakeholder of both sides from the public and private sector.

The Tourism Summit clearly reflected the great interest both sides attach to the tourism industry as one of the main and vital contributors of the Egyptian national economy, to which the government of Egypt gives every possible support to encourage and revitalize.

At the same time the Summit also confirmed, once again, the commitment of the European Union to support the democratic changes taking place in Egypt in all fields, and further strengthen and deepen relations with regards to the Tourism Industry.

Both sides recognize the need to further their relations especially through the promotion of tourism through investment, technological and technical cooperation as well as educational development.

They also acknowledge the importance of cooperation with both key private and public stakeholders to encourages and promote tourism development and investment.

It was agreed that the key objectives are:

- Sustainability;
- Training;
- Capacity building;
- Effective management of infrastructure;
- Raising public awareness within the Egyptian society as to the importance of tourism as a key contribution to the national economy.

The two sides also recognize the priority to ensure a safe and secure environment for all visitors as an important factor for promoting tourism.

To this end the Egyptian government and the European Commission have signed a Letter of Intent on the establishment of a consultation mechanism through a regular dialogue to be held annually at senior officials level, as well as - inter alia - exchange of best practices, support of organisation of events, identifying specific projects of partnership and recognising issues of mutual interest in the field of tourism.

Annex 5

EU-Egypt Task Force

Joint conclusions

Civil Society Roundtable

A number of European and Egyptian civil society organizations met on 13 November to share experiences and discuss matters of common concern and interest. The meeting was co-chaired by Dr. Abdel Aziz Hegazy, Chairman of the Egyptian Federation for Associations and Foundations and by Chris McIvor, Country Director of Save the Children; and moderated by Dr. Heba Nassar, Vice President of Cairo University.

The Roundtable was convened under the main theme: the role of CSOs on Egypt' social and economic development. In this context, four panels focused on poverty alleviation; job creation and training in particular for youth; the role of civil society in transition; and participation of women in the socio-economic development process.

Discussion focused on CSOs' exchange of perceptions and lessons learnt from other experiences and best practices on how to alleviate poverty, jobs creation particularly for youth, enhancement of the involvement of civil society as key role in the ongoing democratic transition and boosting of the political, economic and social empowerment of women in the Egyptian society. The need for consultation was voiced during the discussion.

There was a general sense that today's economic disruption, in particular its effects on tourism and foreign investment, has had a negative impact on what was already a situation with high incidence of poverty, high youth unemployment. The importance of an Egyptian educational system that better supports the integration of youth into the labor market was underlined as well as engagement with the private sector around opportunities and their needs. Emphasis was also placed on addressing macro-economic imbalances and improving the business climate as a part of the human dignity; and of devoting additional resources to and improving the quality of basic social services. Civil society needs to be supported through training, information exchange and opportunities for collaborative engagement.

The participants stressed the importance of inclusion of various programmes, including notably the need of disabled people and street children in development programmes.

The importance of adopting a new NGOs law that enhances the ability of NGOs to play their role was highlighted. The discussion, finally, focused on challenges for women with respect to equal labor market access and conditions, access to education, political participation, combating sexual harassment and general respect. Participants discussed empowering women in Egypt via unimpeded access to education and societal awareness raising, the possible introduction of quotas as appropriate.

Annex 6

EU-EGYPT TASK FORCE

Joint Conclusions

Parliamentary Meeting

A group of members of the European Parliament accompanied by European Commissioner Stefan Füle and EUSR for HR Stavros Lambrinidis met with group of members from the Shoura Council and members of the Constituent Assembly to exchange views and discuss matters of common interest and concern, including the ongoing democratic process of transformation, the drafting of a new constitution, the holding of new legislative elections, the promotion of human rights and the empowerment of women. The participants also discussed the role of EU in support of Egypt in overcoming the current socio-economic challenges, in the promotion of European investments and tourism to Egypt, the freezing and recovery of the Egyptian misappropriated assets and they emphasized the importance of increasing understanding and dialogue on respecting all religions.

Participants welcomed the holding of the first meeting of the joint Egypt-EU Task Force in Cairo as agreed on the occasion of the visit of H.E. President Mohamed Morsi to Brussels on 12-13th September 2012, and praised the strong political message sent by the European Union in support of the process of transformation that Egypt has embarked on following the 25th January revolution.

The two parties reviewed the political developments in Egypt that took place since the Revolution, most important of which were the free and fair Legislative and Presidential elections that were followed by the EU and its Member States. In addition, they discussed the ongoing efforts to draft the new Constitution based on a consensus and comprehensive consultations that will reflect the aspirations of all Egyptians. They also noted the intention to put the Constitution to a referendum and - if approved - the need for parliamentary elections to be held within sixty days. In this regard, both parties welcomed the ongoing steps to build a modern democracy, based on the principles of rule of law, respect for human rights and fundamental freedoms, responding to socio-economic and political needs of Egyptians.

There was a general agreement as well on the importance of addressing all forms of intolerance and violence. They underlined their commitment to the promotion of human rights, women' rights and the freedom of religion or belief, and condemned all forms of intolerance and advocacy of religious hatred that constitutes incitement to hostility and violence. They also underlined the important necessity of facilitating increased dialogue and understanding between people and respect for cultural diversity; and participating effectively in regional and international initiatives aiming at reinforcing dialogue between civilizations, cultures and religions.

Both parties agreed on the importance of cooperation in the field of freezing and recovering of funds and economic resources of certain persons having been identified as responsible for the misappropriation of state funds in Egypt that legitimately belong to the people of Egypt and were illicitly acquired and smuggled out of the country thus depriving Egyptians of the benefits of the sustainable development of their economy and society and undermining the development of democracy.

Current regional foreign policy developments were also discussed, in particular "the Arab spring", which was considered a major historic step towards democracy. The participants discussed the Palestinian problem and the urgent need to reach a just, comprehensive and lasting solution based on the two states solution, in line with the Madrid principles, including land for peace and the relevant UN resolutions. They also underlined their deep concern about the present situation in Syria and called for the urgent need to put an end to the ongoing bloodshed.

Lastly, participants exchanged views on mutual perceptions and misperceptions, and the importance of deepening dialogue and people-to-people contacts across the Mediterranean. The value in reinforcing inter-parliamentary interaction was much appreciated.

The list of participants in the meeting is attached:

Delegation of the European Parliament:

Mr Jose Ignacio Salafranca

Ms Veronique de Keyser

Ms Annemie Neyts-Uyttebroeck

Ms Judith Sargentini

Mr Sajjad Karim

Mr Stefan Fule, European Commissioner in charge of Enlargement and European Neighbourhood Policy

Mr Stavros Lambrinidis, EU Special Representative for Human Rights