European Neighborhood Policy and Development Lecture

Name:

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**EUROPEAN NEIGHBOURHOOD POLICY AND DEVELOPMENT LECTURE**

The Association Agreement that occurred between the European Union (EU) and Egypt came to be in 2004, and it creates a trade environment that is free with the removal of tax on commodities that are industrial and substantial privileges on commodities that are agricultural. Also, on 1st June 2010, an additional agreement entered into force which dealt with agricultural, processed agricultural and fisheries products. Egypt is a crucial partner in trade for the European Union in the region of the Mediterranean especially in the Southern part. The Agreement with the EU in 2004 improved the conditions of trade between Egypt and EU. The bilateral trade between Egypt and EU has more than doubled since 2004. It attained its top level in 2012.

EU is Egypt’s major partner in trade, which incorporates twenty-three percent of the volume of trade in Egypt in 2013 and positioning both as the country’s export and import associate. The goods that EU buys from Egypt include, mining and fuel commodities (fifty percent), clothing and textiles (eleven percent) and Chemicals (ten percent). EU exports to Egypt is mainly transport and machinery equipment which is about twenty-five percent. EU exports of goods and services to Egypt are domineered by products that deal with enterprises, while the European Union imports from Egypt involve services that deal with transport and travel.

European Union and Egypt started a conversation on the way to increase investment and relations in trade, specifically through the believable dialogue of a “Deep and Comprehensive Free Trade Agreement” (DCFTA) in June 2013. The goal of the DCFTA was to improve access to market opportunities and the investment climate. It was also supposed to aim at supporting reforms that were economic undertaken by Egypt (European Commission, 2016). It will increase considerably away from the capacity of the Association Agreement that is existing to involve trade in products, competition, procurement created by the government, investment protection and rights that involve intellectual property.

A “Sustainability Impact Assessment” (SIA) in connection to a likely DCFTA with Egypt has been undertaken by an entrepreneur that is independent in 2014. By virtue of its agreement on free commerce with the European Union and equally, the nation refrained from benefiting from preferred market access involving EU under the “Generalized System of Preferences” (GSP) scheme since January 2014. Also, Egypt and the EU signed a document constituting a conflict settlement means useful to conflicts under the regulations of trade of the “Association Agreement” in November 2010.

Egypt is one of the associates of the Euro-Mediterranean Partnership (Euromed). The partnership advocates integration in the economic sector and constitutional reform across sixteen neighbors to the European Union’s South in the Middle East and North Africa. The most important aspect of this work is to gain trading terms that are mutually satisfactory for the partners in the region of Euromed. The partnership is also a critical part in search of more economic alliance in the area of the Mediterranean. With the policy involving the European Neighborhood, the EU gives its neighbors a relationship that is privileged, based upon a commitment that is mutual to similar values (civil rights and equality, good administration, principles of the market economy and development that are sustainable).

Since discussions on the recent activity plan of the European Neighborhood Policy have been halted, the cooperation program creates by EU for Egypt still pursues the 2007-2013 activity plan that has been lengthened until 2015. Negotiations with the goal of reviving the formal dialogue between Egypt and the EU happened in February and December 2014. Both the EU and Egypt consented to initiate their cooperation within the core of the “Association Agreement” again. Egypt confirmed the Agadir Agreement in February 2004, with Morocco, Tunisia, and Jordan. This agreement dedicated all sides to doing away with taxes on commerce between them and to adapting their regulation about customs and guideline procedures.

The Agadir Agreement came into being in July 2006, and the Agadir Technical Unit enables the acceptance of the agreement in Amman (Liargovas, 2013). The treaty also foresees the “pan-Euro-Mediterranean” accumulation of origin. In 9th October 2013, Egypt signed the “Regional Convention on pan-Euro-Mediterranean preferential rules of origin”. When adapted, this will take the place of the existent network of codes that are bilateral, aid the rewriting of current regulations of origin, and hence improve economic integration and regional trade. The organization that makes it easier to buy goods that are manufactured in many countries throughout the basin of the Mediterranean will bring about recent opportunities for monetary operators and be a crucial spur for more territorial economic alliance. Egypt also has free acknowledgement on trade with Turkey and EFTA nations.

Over the years, the foreign policies in Egypt have been connected with strategic geographical factors that were influenced by historical and geographical realities. It has also been characterized by respective stability. Due to geography, Egypt has depended entirely on the water from the River Nile which comes from outside its territory and passes through many countries before reaching the border in the South. According to History, invaders arrived in Egypt through the gate at the north-eastern part and continued their journey in the Palestine direction and the Levant to protect their occupation. The invaders who wanted to occupy the Levant and Palestine always continued their journey in Egypt’s direction to guarantee their safety in the East, hence making Palestine, Egypt and the Levant one strategic cluster with a standard linked destiny.

The key factors of the foreign policy in Egypt are based on two pillars. The goal of the first pillar is to defend the life and survival of Egypt. It is also in place to ensure the continued flow of river Nile. Hence, it is important for Egypt to closely follow what is going on across its southern border, in the nations of the Nile Basin. The purpose of the second pillar is to defend the independence and security of the nation, and looking for ways to deal with external threats. It consequently becomes a requirement for Egypt to follow activities across its eastern border in the Palestine and the Levant. It is natural that the Levant and the region of the Nile Basin from Egypt’s integrated and important connected area from the outlook of its foreign policy. Hence, it is not astonishing that its foreign policy has, over the decades, been defined by a high level of stability and consistency, which has been acutely portrayed through all the stages during which the nation managed to gain its independence or start on a renaissance (Dalacoura, 2016). This was regardless of the vicissitudes that the political system passed through or the type of the ruling elite through its long history.

Sudan, on the Southern side, has become disintegrated and is threatening to split into different political entities. The country forms a cluster with Egypt as the river’s mouth comes from outside of their territory. Also, the countries in the Nile Basin are putting a lot of pressure on Egypt to go through the agreements regulating the Nile water allocation among them, since all these countries are in dire need of water. There is also pressure on the increasing Israeli influence that looks to lay siege to Egypt and bribe it for the purpose of getting more concessions and accomplish strategic power in the Middle East conflict.

When it comes to the northern part, Egypt is also under pressure. The country is not at peace even after a signing a peace treaty with Israel thirty years ago. The national movement in Palestine has become divided and weakened after the failed initiative by Oslo to come to a just settlement for the issue of the Palestinian. After Israel was forced to pull after the Gaza Strip, the strip is now controlled by a political power that is considered to be antagonistic. The peace treaty between Israel and Egypt did not commit Israel to any good behavior towards other sides to the conflict while establishing neutrality on Egypt. As a consequence, Egypt appears unable to control the interactions in the country, and also seems to be pro-Israel in the face of other Arab parties. If Egypt is not able to take charge of the situation within its critical area, it is evident that it will lose its power within the wider areas of its foreign policy, which is within the Arab spheres, Islamic and African countries (Hinnebusch, 2016). The ability of Egypt to lead the Arab world alone or with the help of Saudi Arabia and Syria has significantly reduced over the years.

The relationship with the European Union is very crucial to Egypt. The partnership has brought positive impacts to the economy, as the removal of duties on inputs from Europe has decreased its cost and has improved the competitiveness of the industries that manufacture products. Moreover, it has led to a reduction in the cost of investment and increase in the accumulation of capital which has brought about gains in productivity. When it comes to export, the relationship with the EU has secured the advantageous market access given to products from Egypt. The amount of foreign aid given to Egypt has also increased. Moreover, there has been an increase in access to market opportunities.

Since Egypt partnered with EU, the rate of unemployment has been decreasing over the years. However, the majority of jobs that came up were in the service and industrial sector. Also, Egypt is moving very fast when it comes to economic reforms. In December 2009, the alliance in the Middle East was developed from all business associations which has come up with one voice for Euro-med business (Sarto, 2016). The EU uses the instrument of budget support, and it is utilizing it in several areas involving business and infrastructure. It has also given its support to Egypt in many other activities, for example, how to lobby and advocate in Europe and assistance in the industrial sector.

In summary, the European Union has brought many advantages to Egypt as a country. Trade has doubled ever since Egypt signed an Agreement with the EU. There has been an increase in import and export business which has led to an improvement in the economic sector in Egypt. Also, there has been a creation of employment opportunities which has reduced the rate of unemployment.

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