

**CO-OPERATION AGREEMENT BETWEEN THE
EUROPEAN COMMUNITY AND EGYPT**

Biennial Report on the Operation of the Agreement

Communication from the Parties

The report below presents the information received from the Permanent Delegation of the European Commission, dated 21 March 2000. It is organized in accordance to the Standard Format for Information on Regional Trade Agreements (WT/REG/W/6).

I. BACKGROUND INFORMATION ON THE AGREEMENT

1. Membership and Dates of Signature, Ratification and Entry into Force

The first co-operation agreement between the European Community and Egypt (concluded for an unlimited period) was signed on 18 January 1977 and entered into force on 1 November 1978, with effect from 1 January 1979.

The agreement is to be replaced by a new and strengthened agreement, an Euro-Mediterranean association agreement. Formal negotiations were opened on 23 January 1995 and concluded on 21 June 1999. Signature is expected to take place before the end of 1999 or early in the year 2000.

2. Type of Agreement

The agreement is a comprehensive co-operation agreement concerning trade provisions and technical and financial co-operation.

4. Trade Data

The evolution of trade flows between the European Union (EU) and Egypt in the 1990's is basically divided into two main phases. The first phase corresponds to the three first years of the decade (which included the Gulf War period), when trade flows were rather stagnant and even declining, especially with respect to EU exports to Egypt. Trade flows in 1992 were recorded as the lowest of the decade: EU exports for example dropped by 12 per cent.

Since 1993, the trend in EU exports has been generally upwards, while the evolution of Egyptian exports has shown more has been more variable. Significant annual increases in some years (e.g. by 24 per cent and 42 per cent in 1994 and 1996) have been accompanied by significant reductions (e.g. by 30 per cent in 1995). The total amount of trade between the EU and Egypt has

increased by more than 50 per cent over the last eight years and is now close to the level of EUR 10 billion yearly.

Further statistical information on developments in bilateral trade is given in the Annex.

II. TRADE PROVISIONS

- 1. Import restrictions &**
- 2. Export restrictions**

The trade provisions under the Co-operation agreement are not reciprocal: while European goods, both industrial and agricultural, have access to the Egyptian market on an MFN basis, there is free access to the Community market for Egyptian industrial products (with the exception of products coming under the Multifibre Agreement), while imports of agricultural products are subject to specific concessions.

These trade provisions were modified in 1987 through an additional Protocol,¹ which forms an integral part of the Co-operation Agreement. This additional Protocol establishes measures adjusting certain provisions of the Agreement to enable Egypt's traditional export trade with the Community to be maintained.

All the transitional measures envisaged by the additional Protocols concluded following the accession into the Community of Greece (signed in 1980), Spain and Portugal (signed in 1987), and concerning the import into the Community of industrial and agricultural products originating from Egypt have expired.

- 3. Rules of origin &**
- 4. Standards &**
- 5. Safeguards &**
- 6. Anti-dumping and countervailing measures &**
- 7. Subsidies and State-aid**

The Agreement does not include any provisions concerning State aids or subsidies. The other provisions concerning rules of origin and trade defence measures have not been modified.

8. Sector-specific provisions

Textiles

The Agreement does not include specific measures concerning the import into the Community of textiles products originating in Egypt, but since 1982 biannual agreements concerning the textile sector have been concluded between the Community and Egypt (the last of these agreements will expire on 31 December 1999). These agreements basically envisage an Egyptian self-limitation of exports of certain textile products towards the Community.

¹ Signed on 25 June 1987 for an unlimited period and published in the Official Journal L297/87, p. 10.

Agriculture

On 4 November 1996 the European Community and Egypt signed two agreements (in the form of exchange of letters) which modify the provisions for the import into the Community of two agricultural products originating in Egypt. The first agreement concerns the reduction of custom duties on oranges (OJ L292/96 p. 27); the second agreement aims to grant to Egypt, pending the conclusion of the Euro-Mediterranean association agreement and pursuant to Art. 22 of the co-operation agreement, preferences equivalent to those set out in the co-operation agreement for the import into the Community of rice originating in Egypt.

III. GENERAL PROVISIONS OF THE AGREEMENT

5. Institutional framework

A "Co-operation Council" is established to take decisions concerning the implementation of the Agreement.² The Council met ten times, most recently on 28 October 1996.

IV. OTHER

Financial Aspects

The financial aspects are subject to separate protocols of limited duration. From 1977 to 1996 Egypt benefited of an overall amount of 661 EUR million of financial assistance from the EC budget (grants, interest subsidies on EIB loans, Special Loans, and risk capital operations) made available by four "protocols" on technical and financial assistance. These resources are complemented by those made available by the EIB.

Services and Intellectual Property

The Agreement does not include specific measures concerning trade in services or intellectual property rights

² The internal regulation of the Co-operation Council was agreed by the parties in Luxembourg on 21 April 1980.

ANNEX³

Table 1 - EU Imports from World and Egypt, 1980-1998
(Million ECU)

SITC:	0	1	2	3	4	5	6	7	8	9	TOTAL
1980 (EU 9)											
WORLD	23,908	1,929	27,501	85,384	1,579	11,374	37,648	37,853	22,176	20,502	269,853
Egypt	64	0	90	1,400	0	6	115	15	15	37	1,742
1984 (EU 10)											
WORLD	33,643	2,810	36,139	107,594	2,803	19,968	48,969	71,432	34,537	24,205	382,100
Egypt	81	0	215	3,048	0	14	302	35	24	25	3,744
1988 (EU 12)											
WORLD	32,221	2,152	35,752	47,393	1,499	25,067	59,078	106,689	49,968	27,937	387,757
Egypt	75	0	111	983	0	16	358	46	41	15	1,645
1992 (EU 12)											
WORLD	34,580	3,215	32,218	65,183	1,748	33,888	69,355	146,277	76,771	23,900	487,135
Egypt	101	0	53	1,528	0	58	392	235	112	12	2,490
1996 (EU 15)											
WORLD	41,305	3,599	34,829	75,910	2,423	44,328	75,479	189,056	93,962	20,131	581,065
Egypt	150	0	82	1,722	3	40	420	108	232	12	2,780
1997 (EU 15)											
WORLD	44,248	4,072	40,131	85,155	2,554	51,485	87,685	229,346	108,779	17,690	672,413
Egypt	114	1	118	1,189	1	66	581	246	295	13	2,636
1998 (EU 15)											
WORLD	45,198	4,458	39,370	64,843	2,891	55,290	94,672	264,153	116,092	22,676	709,643
Egypt	141	1	129	920	0	64	463	340	310	20	2,411

³ The source for all the tables is Eurostat (COMEXT).

Table 2 - EU Exports to World and Egypt, 1980-1998
(Million ECU)

SITC:	0	1	2	3	4	5	6	7	8	9	TOTAL
1980 (EU 9)											
WORLD	13,662	3,422	4,327	10,071	717	23,228	46,455	84,154	21,333	13,716	221,084
Egypt	598	14	22	79	11	295	394	1,342	147	204	3,105
1984 (EU 10)											
WORLD	21,120	5,784	7,319	18,087	1,343	38,465	65,412	129,088	39,835	24,806	351,259
Egypt	1,108	34	55	144	76	641	842	2,375	290	257	5,821
1988 (EU 12)											
WORLD	19,588	6,205	7,602	8,232	1,158	44,449	65,673	141,249	48,507	20,256	362,917
Egypt	698	22	49	36	31	508	518	1,507	190	118	3,677
1992 (EU 12)											
WORLD	24,887	8,778	8,068	10,552	1,491	54,200	71,091	180,838	59,247	16,939	436,091
Egypt	355	59	80	26	16	477	449	1,804	235	101	3,603
1996 (EU 15)											
WORLD	30,646	10,339	11,414	15,431	1,998	79,144	102,957	283,081	79,287	12,695	627,011
Egypt	511	25	261	69	25	753	744	2,738	379	126	5,827
1997 (EU 15)											
WORLD	33,504	12,374	13,084	17,109	2,575	93,046	114,927	331,113	88,686	13,717	721,109
Egypt	607	30	318	97	34	858	921	3,200	466	86	6,757
1998 (EU 15)											
WORLD	33,504	12,374	13,084	17,109	2,575	93,046	114,927	331,113	88,686	13,717	721,109
Egypt	607	30	318	97	34	858	921	3,200	466	86	6,757

Table 3 - EU Trade with Egypt by HS Section
(Million ECU)

EXPORTS					
SECTION	1988	1992	1996	1997	1998
TOTAL	3,677	3,603	5,827	6,757	7,541
I	292	188	265	262	298
II	200	66	151	215	186
III	34	16	24	33	32
IV	232	164	127	171	256
V	62	37	129	159	167
VI	396	376	623	704	821
VII	179	163	232	284	276
VIII	1	2	5	4	4
IX	13	14	181	245	238
X	68	83	169	173	190
XI	67	107	161	164	155
XII	3	6	16	18	23
XIII	53	48	72	99	100
XIV	5	15	9	43	17
XV	317	264	368	483	626
XVI	1,178	1,237	1,943	2,398	2,818
XVII	314	554	773	779	801
XVIII	114	122	191	230	258
XIX	4	3	3	2	2
XX	30	35	60	75	84
XXI	47	17	73	77	67

IMPORTS					
SECTION	1988	1992	1996	1997	1998
TOTAL	1,645	2,490	2,780	2,636	2,411
I	14	16	15	18	14
II	56	85	140	115	140
III	2	1	3	1	0
IV	14	17	21	15	19
V	985	1,533	1,735	1,207	937
VI	15	57	39	63	59
VII	0	5	21	27	29
VIII	4	6	9	9	13
IX	0	0	1	1	1
X	1	1	9	11	10
XI	266	294	451	622	570
XII	0	2	6	4	6
XIII	0	6	16	20	23
XIV	4	9	9	31	13
XV	213	197	138	180	151
XVI	33	29	79	76	92
XVII	13	205	29	169	248
XVIII	6	11	23	25	27
XIX	0	0	0	0	4
XX	1	3	14	16	17
XXI	8	10	10	14	15

Table 4 - EU Trade with World by HS Section
(Million ECU)

EXPORTS					
SECTION	1988	1992	1996	1997	1998
TOTAL	362,917	436,091	627,011	721,109	730,423
I	7,060	8,001	9,980	10,897	10,062
II	6,372	8,511	8,819	9,757	9,145
III	1,341	1,673	2,286	2,977	3,156
IV	13,817	19,194	24,510	27,744	27,279
V	9,723	12,152	17,487	19,630	16,711
VI	37,393	46,951	68,968	81,772	85,215
VII	15,521	16,914	23,128	27,148	27,504
VIII	4,119	4,084	7,159	7,375	6,435
IX	1,771	2,035	4,045	4,927	5,182
X	7,937	10,271	18,033	19,764	19,803
XI	20,244	25,208	31,611	34,724	35,221
XII	3,440	4,526	5,922	6,313	6,043
XIII	7,153	8,120	11,257	12,916	12,894
XIV	13,026	12,425	16,992	19,285	17,990
XV	30,826	30,864	42,214	46,944	45,623
XVI	93,666	120,842	193,730	226,482	234,539
XVII	46,674	59,351	89,086	104,705	110,049
XVIII	14,107	17,067	23,982	28,129	29,109
XIX	402	388	1,097	1,326	1,656
XX	7,819	9,378	13,350	15,177	15,242
XXI	8,204	5,727	13,354	13,115	11,565

IMPORTS					
SECTION	1988	1992	1996	1997	1998
TOTAL	387,757	487,135	581,065	672,413	709,643
I	8,349	10,300	10,897	12,227	13,296
II	17,555	17,353	23,130	25,437	24,992
III	1,542	1,781	2,250	2,390	2,693
IV	13,638	15,595	18,511	19,019	19,518
V	55,920	73,081	84,793	95,737	75,508
VI	22,179	29,303	39,774	46,234	49,432
VII	10,125	13,862	17,132	19,323	21,043
VIII	6,121	5,701	7,590	8,498	8,224
IX	9,615	10,926	9,118	10,973	11,434
X	17,605	19,227	11,110	11,996	12,571
XI	28,639	39,478	47,467	55,248	57,903
XII	3,325	5,451	7,029	8,308	8,274
XIII	2,593	3,883	4,386	5,090	5,648
XIV	17,526	15,037	21,620	23,890	26,981
XV	26,101	29,345	33,661	40,312	44,472
XVI	81,389	106,397	146,298	173,122	195,378
XVII	25,240	40,386	42,797	56,275	68,476
XVIII	14,869	19,652	24,343	27,814	29,926
XIX	118	194	466	603	510
XX	6,655	12,072	14,394	17,529	19,046
XXI	5,733	5,511	14,298	12,387	14,318