

**IMPLEMENTATION OF THE PARTNERSHIP FOR DEMOCRACY AND SHARED
PROSPERITY WITH THE SOUTHERN MEDITERRANEAN ("THE PARTNERSHIP")
TUNISIA AND EGYPT**

The EU response to the events in the Southern Mediterranean was quick and determined including immediate measures to address the most pressing needs (humanitarian and consular) and economic and financial incentives for the transition processes. It was the first package to be presented by any international player. The strategic framework is provided by the 'Partnership' and the European Neighbourhood Policy Review. The support is wide ranging, involving grant assistance, loans and policy initiatives covering trade, investment and support for civil society and is focused on three main areas: democracy/rule of law; growth and job creation, and; mobility.

In overall **grant assistance**, the EU has committed 5.7 billion Euros to our immediate neighbourhood (both south and east) for the next two years (2011-2013). In its recent ENP Review Communication, the Commission proposes that an additional 1.24 billion Euros be devoted to the neighbourhood bringing the total to **7 billion Euros** (10 billion dollars) in grants. These additional funds will be allocated, on a "more-for-more" basis to those countries showing a real commitment to consolidated reform. Egypt and Tunisia will be strong candidates.

This overall grant support is supplemented by a substantial boost in **lending**. Once the EIB ceiling is increased by € 1 billion for Mediterranean countries, the Bank should be able to provide close to **€6 billion** to the region in the coming 3 years. On top of this, there is now agreement in principle to extend the mandate of the EBRD so that it can be active in Egypt and other Southern Mediterranean countries with a view to reaching 2.5 billion a year in annual lending volumes by 2015.

Specific support to Egypt and Tunisia

Egypt is due to receive €449 million for 2011 – 2013. **Tunisia** now has a revised allocation for 2011-2013, originally €240 million, increased to €390 million. This does not include the planned allocation to support civil society and the media or the electoral observation mission. In addition, ECHO is providing humanitarian assistance to Tunisia and Egypt to help them cope with the refugees from Libya.

The EIB has indicated that it is ready to commit €3.5 billion to Egypt and Tunisia for 2011-2013. Discussions are ongoing in both Egypt and Tunisia in relation to macro-financial support. The IMF has agreed US\$ 3 billion to support the Egyptian government's economic programme for the fiscal year 2011/12 which will enable the provision of EU macro-financial assistance..

Economic and financial assistance is being supplemented by **trade and investment measures**. The EU is helping Egypt and Tunisia integrate into world markets and increase their export capacities. Association Agreements with these countries provide for fully liberalised trade in goods. The Commission has proposed to extend further **trade concessions** and is ready to resume trade negotiations with Tunisia that were suspended after the revolution

In addition to political and economic assistance the EU is also proposing deepening sectoral cooperation for instance on **Energy** through extending the Energy Community Treaty or establishing a complementary “EU-Southern Mediterranean Energy Community”; on **Transport**, notably extending trans-European transport networks (TEN-Ts) to partner countries; or the development of a **Common Knowledge and Innovation Space** through increased mobility opportunities for students, researchers and academics under Erasmus Mundus and Tempus.

Another important strand of the Partnership that the EU is offering is the dialogue on **migration, mobility and security**, which is being launched with Tunisia and Egypt as well as Morocco as a first step towards a Mobility Partnership.

Co-ordination is essential and needs to be improved

All these efforts need to be coordinated amongst the EU, its Member States and international partners. Too often in the past we have seen that uncoordinated approaches in terms of political messages and/or of the projects to be financed on the ground result in a weakening of European visibility and impact. To overcome this situation, The High Representative/Vice-President has proposed, with my full support:

- i) to appoint a Special Representative to the Southern Mediterranean, and;
- ii) to set up a Task Force with representatives from the EU, Member States and EIB and the EBRD to better coordinate the assistance strategies to the region.

Immediate assistance is needed from the international community to support the political processes in the transition countries and prevent social unrest derailing the democratic developments. The EU is committed to providing the necessary support and to sustain this over many years in support of the long-term transformations that is very much in their and our interest.