

Case Studies

The cases of Palestine and Egypt share a common, historical, European, colonial legacy and both have close economic, cultural and political ties with the EU. But the two case studies also have their own specificities: Palestine represents a quasi-state or a state-in-the making while the Arab Republic of Egypt was ruled by President Mohamed Hosni Mubarak for 30 years (from 1981 until the early 2011 Egyptian revolution, which resulted in the removal of Mubarak)

Egypt

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The Arab Republic of Egypt is a neighbouring country the EU cannot ignore. Known as the 'mother' of the Middle East and North African region, Egypt has had a long and reputed standing as the venue of choice for a succession of important regional and international events.

The EU has had diplomatic relations with Egypt since 1966. In 1977 the two partners signed a Co-operation Agreement and in 2001 an Association Agreement. The latter came into force in 2004 and is a legally binding treaty.

The EU seeks to develop not merely financial co-operation and trade relations with Egypt but also to support Egypt's domestic and political reforms. Top on the EU's agenda is democratic reform, economic modernization, social reform and migration issues.

EU-Egypt relations have been institutionalized further through the Euro-Mediterranean Partnership (launched in 1995), the European Neighbourhood Policy (or ENP, launched in 2003) and the Union for the Mediterranean (launched in 2008).

Under the ENP's framework, an Action Plan spells out the current agenda in EU-Egypt relations. From 2004, Egypt undertook a comprehensive economic reform agenda, driven by a newly emergent elitist group. But political reforms remain limited.

In early 2011, Egypt underwent widespread protests against Mubarak's regime. The intensive campaign of civil resistance led to Mubarak's resignation on 11 February 2011. Power was then turned over to the military. The Supreme Council of the Armed Forces (SCAF), headed by Field Marshal Mohamed Hussein Tantawi would lead the country through a transitional period until a civilian government took over.

On 21 February 2011, the EU declared its readiness to support the peaceful and orderly transition to a civilian and democratic government in Egypt. On 21 March 2011, the EU imposed a freeze on assets owned by persons identified as responsible for the misappropriation of Egyptian state funds, including the assets of former President Hosni Mubarak.

A Parliamentary election to the People's Assembly of Egypt was held from 28 November 2011 to January 2012. The final events in Egypt's first Parliamentary elections since the overthrow of Hosni Mubarak confirmed an overwhelming victory for the Islamist parties.

According to the High Elections Committee, the Muslim Brotherhood, which was banned under Mubarak's regime, won the biggest share of Parliamentary seats (38%). Its Freedom and Justice Party (FJP) named Saad al-Katatni, a leading Brotherhood official who sat in the old Parliament as an independent, as Speaker of the Assembly.

The hard-line Islamist Al-Nour party came second with 29% of the seats. The liberal New Wafd and Egyptian Bloc coalition came third and fourth respectively. The results meant that Islamists will wield major influence over a new constitution, which is set to be drafted by the country's first freely elected Parliament. At the time of writing (April 2012), both the ruling SCAF and the People's Assembly - the Lower House of Egypt's Parliament - were mobilised in an effort to expedite the post-revolution constitution-drafting process, ahead of next month's Presidential elections (planned for 23 and 24 May).

Palestine

EU bilateral relations with Palestine have a legal basis in the Euro-Mediterranean Interim Association Agreement on trade and cooperation between the European Community and the Palestine Liberation Organization, PLO, on behalf of the Palestinian Authority, PA (Official Journal L 187, 16/07/1997 P. 0003 – 0135).

In the context of the Middle East Peace Process, the EU plays a role as part of the Quartet and seeks to support the Palestinians with continued and comprehensive political, economic and social reforms. In particular the EU seeks to support Palestinians in their institutions-building efforts towards an independent and democratic Palestinian state.

The European Commission is the biggest donor of financial assistance to the Palestinians. Following the elections of January 2006, and the victory of *Hamas*, the EU – at the request of the Quartet and the European Council – established the Temporary International Mechanism (TIM) to facilitate need-based assistance to the Palestinians and support by international donors.

Emphasis was placed on sectors that enabled the continued functioning of essential public social services. TIM was phased out in March 2008 and replaced by a PEGASE (Mecanisme "Palestino - Européen de Gestion et d'Aide Socio-Economique") mechanism which aims to support a three year Palestinian Reform and Development Plan (PRDP), presented by the PA Prime Minister Salam Fayyad at the Paris Donor Conference of 17 December 2007.

Under the European Neighbourhood Policy, EU-Palestinian relations are guided by an Action Plan concluded with the PA.

The agenda for reforms in Palestine has been overshadowed by internal Palestinian fighting since *Hamas*'s takeover of Gaza in the summer of 2007. The ensuing Israeli and Western economic embargo of Gaza, Israel's almost total closure of Gaza's border crossings, ongoing lawlessness in Palestine, and heightened Israeli restrictions on freedom of movement in the West Bank contribute to a serious halt in development in any political, economic or social reforms.

A six-month truce between Hamas and Israel (from June 2008) ended in December 2008, when the security situation in Gaza rapidly deteriorated, culminating in an all out war on December 27, which lasted for three weeks. Israel's military campaign against Hamas ceased on 18 January 2009 when Israel declared a unilateral ceasefire. Hamas offered its own ceasefire for one-week. The main Palestinian factions remained split. Hamas continued to govern the Gaza Strip while Fatah, under Fayyad's governance approach anchored in the belief that governance could be improved under continued occupation, controlled the West Bank. Each side displayed a determination to continue indefinitely until the Fatah-Hamas reconciliation agreement was signed in Cairo on 4 May 2011. The accord means mutual consent from either side to form a national unity government. Following the fall of Mubarak's regime on February 11, 2011, the involvement of Egypt's transitional government is a fresh factor in this fragile Cairo accord.

Palestinian President Mahmoud Abbas formally submitted a Palestinian request to join the United Nations as a full member state during September 2011. He said the request entailed international recognition on 1967 borders with East Jerusalem as a capital. The European Parliament endorsed this bid for statehood as 'legitimate', and said that the solution should be found within a year. MEPs said, however, that Palestinian statehood should result from negotiations. According to the EUObserver, a strong majority of people in three large EU countries - France, Germany and the UK - said their governments should vote in favour of Palestine's UN bid. The public endorsement came amid EU disunity on the issue.

