



HOW CAN THE EU HELP ITS ARAB-NEIGHBORS IN BETTER PROCEEDING TOWARDS ECONOMIC FREEDOM IN THE ERA OF THE ARAB SPRING? (EGYPT CASE)

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Egypt Current Status

- Almost losing the momentum of the Revolution;
- No Leadership, vision or roadmap have been produced by SCAF;
- SCAF is prolonging the transitional period;
- Regular demonstrations on Fridays, but people got used to;
- Economic situation is not in a good shape, and moving backward in free market economy;
- Rule of Law is not applied;
- Promises of economic aids from USA, EU & Gulf countries, but not realized;
- Business as usual, SCAF & current government have the same mindset of Mubarak's era;

Egypt EU Background Relations

- Former President Mubarak and the European Union were in a very good terms for almost 30 years.
- Mubarak was often meeting the bureaucratic requirements of the EU through signing comprehensive documents without necessarily applying any phrase of it, on the other hand the EU manages to keep these documents in files without requesting any serious implementation.
- This kind of understanding resulted in producing the European Neighborhood Partnership that satisfied both sides at the interest of the Egyptian citizens.
- If ENP has been implemented, Egypt would be real democratic country long time ago.

Mubarak's Government Economic Outcomes

- Worked on modernizing the Egyptian Economy rather than applying true liberal values;
- Affiliated itself with few business people who gained most of the fruits of the free market economy;
- Applied flat tax of 20%, reduced customs taxes substantially, privatized several companies, however, these were perceived negatively by the majority of the Egyptian citizens due to the strong element of corruption that accompanied these activities;
- Lacked two fundamental factors; clear economic laws and providing equal & fair business opportunities that could reflect on better distribution of wealth;

Present Challenges of Free Market Economy

- Government accounts for one-third of Egypt labor force;
- Recently, three privatized companies have been nationalized by the court of law and another 200 companies might follow the same path;
- Majority of Egyptians are happy with this move since there was an element of corruption in most of these transactions;
- Egyptians' employees are more happy working with government organizations rather than private sector, Egyptians appreciate political freedom more than economic freedom;
- These steps will definitely discourage investors and will raise a big question on FDI;
- The owners of these three nationalized companies will get compensation through international arbitration that exceeds the values of the companies.

Capitalizing on Egypt Transitional Period

- There is no doubt that Mubarak's era was very corrupted period, but building new Egypt will not simply happen by erasing all of Mubarak's activities;
- The current Egyptian transitional government, especially the economic division is pro free market economy and led by famous liberal economist;
- EU could assist Egypt in this period through strengthening its free market economy by opening its market to SME's, encouraging tourists to visit Egypt and re-visiting its ENP;

Establishing Strategic Priorities for ENP

EU used to deal with a single autocratic ruler, from now on it needs to deal with '**New Egypt**' that will consist of multi-parties in which the majority is not happy with any international help or interference;

EU must establish a new set of **strategic priorities** towards its relationship with the Arab World and Egypt:

- Focusing on limited issues to ensure good impact and Egyptian citizens recognize EU's support;
- Splitting political issues from socioeconomic ones;
- Dividing disputable issues and economic development ones between the Egyptian government and CSO's;

EU Egyptian-Government Co-operation

Focus on three major economic issues that will **trigger the entire economy**. My proposed areas are Judiciary, Agricultural and SME's:

1. Working with the Egyptian government in achieving an **Independent Judiciary System**;
2. Working on **upgrading the quality and the quantity of Egypt's agricultural land** that will also enable agricultural products in entering the EU;
3. **Enhancing the Egyptian SME's export** through establishing a tailored-made program for them.

EU Egypt-Political Parties & Civil Societies Co-operation

There are large number of cultures and religion issues that could be better solved through establishing joint committee between Egyptian political parties & civil society, and similar institutions in the EU.

These are issues that require **increasing education & awareness** from both sides, therefore, it is better solved by a **bottom-up approach** through engaging civil societies such as:

- a) Problems arise from **mix marriage & child custody**;
- b) **Illegal migrants** and integration them in the European society;
- c) Cooperating in **fighting terrorism** through increasing awareness and monitor speech violence;
- d) In addition to several other topics such as **advancing technology, improving environment and women participation** and others.

Conclusion

- Egypt is going through a critical transitional period with a backward steps in Free Market Economy;
- Nationalization Egyptian companies that have been sold few times will not help the Egyptian economy to grow;
- The most powerful organizations in Egypt; Military & Religion tend to have a strict approach rather than free one;
- Applying real free market economy accompanied by strong economic laws will be Egypt gateway towards prosperity.



Thank You