



*Assistance Agreement between the
United States of America
and the
Arab Republic of Egypt*



Preface

The governments of the United States of America, hereinafter (the US), and the government of the Arab Republic of Egypt, hereinafter (GOE),

solemnly reaffirming their friendship and the independence of the two sovereign nations that act and cooperate in mutual respect,

renewing the resulting strong and amicable ties between the two countries,

the two parties conclude the bilateral assistance and cooperation agreement as spelled out in the following paragraphs agreement.

The signatories agree that this agreement is equally binding for both sides and that it shall govern bilateral relations between the two signatory parties for the time period of 2010 through the end of the year 2012.

A review of the present agreement, involving a new round of negotiations is scheduled for September 2012.

The present agreement enters into force on the day of the signature.



Chapter One

Maintaining Stability and Ensuring Smooth Future Transitions

I.1. Participation

The two parties have a successful scheme of cooperation that consists in the exchange of governmental officials for mutual learning. The signatories to this agreement are determined to continue and deepen the exchange between US and Egyptian members of Parliament and possibly widen the program to include other officials as well (see below).

The oversight over elections and, prior to election day, over political parties' registration, is exercised by the Egyptian Judges Council.

The Egyptian Judicial Council maintains right to deny participation in elections to any anti-democratic, anti-constitutional or violent parties.

Future cooperation and/or exchange in the media sector, e.g. between members of the Egyptian media syndicate and CNN, may be envisaged for the future.

I.2. Transparency and Social Welfare

It is recognized by both parties that transparency is an important issue. This issue will be addressed through the above mentioned exchange schemes.

The GOE will provide budgetary data to the US in the sectors of health and education. The parties will consider the possibility of joint research teams of financial specialists to assist budgetary procedures in the agreed upon sectors.

In addition, the US will fund visits by Egyptian lower and mid-level officials from the respective authorities to the US's budgetary authorities.

I.3. Women's Rights

I.3.1. Since the illiteracy rate of women in Egypt is high, the parties envisage a program on female education with a regional focus on Upper Egypt as a pilot project to be extended to the national level after the successful conduct of the pilot phase. This is to be conducted jointly by the US-based NGO *POMED* with the *Association of Upper Egypt for Education and Development* and within the frame of public Egyptian schools, in coordination with the respective governorates. The project will be mostly financed by the US while GOE will have budgetary oversight. The curriculum will not only include literacy programs but also civic education to girls and will be determined by the implementing organizations in cooperation with the GOE Ministry of Education.

I.3.2. Female Genital Mutilation (FGM) is a widespread traditional practice in Egypt. In cooperation with the First Lady, Susan Mubarak, and including the religious dignitaries of Al-Azhar University, the parties agree on a public campaign against FGM.

Chapter Two

Expansion of Bilateral Economic Cooperation

II.1. Trade Relations

The free trade agreement between the US and GOE is reaffirmed by both parties as mutually beneficial.

II.2. Foreign Debt, Privatization, Fighting Corruption and the Business Climate

II.2.1. GOE stresses, and the US agrees, that Egypt will re-invest in the banking sector and will put a freeze, for the time-period of this agreement, past privatizations in the sector.

II.2.2. GOE will privatize parts of the textile and steel industries and thus de-monopolize the structure in these industries in order to enhance the competitiveness of these two crucial markets. The US, in their turn, will forgive 25 billion of USD of Egyptian debts to the US over the next five years.

As specific schedule for the debt relief is to be designed by the respective authorities. A first review by the partner will be conducted after two years. The US guarantees that by that time at least 12.5 billion USD have been forgiven while the GOE commits to have demonstrated a concerted effort of privatization in the textiles sector. The US guarantees that upon completion of these two-year commitments, another 12.5 billion USD will be relieved whereas the GOE guarantees that it will then privatize the steel industry. From the entry into force of the present agreement, a 50 % cut in interests will become effective on the remaining 12.5 billion in debt to be forgiven in stage two.

II.2.3. The parties acknowledge that the GOE has introduced an ambitious Anti-Monopoly Law. However, the US is concerned about the less than optimal implementation of this law. Therefore, the parties agree that GOE will conduct a full investigation on existing monopolies and explore mechanisms to improve competition in the marketplace. A bilateral committee with representatives from both parties will be set up to oversee the enforcement of the current anti-trust law.

II.3. Subsidies and Joint Projects

II.3.1. Resources saved by GOE through this above mentioned debt relief will be invested in energy and social welfare as well as infrastructure. To this end, GOE will establish a *Social Needs Scheme* which will also involve increased subsidies on basic commodities and electricity. This will also include investments in educational infrastructure in order to enhance human capacities.

II.3.2. A joint project is envisaged in the field of urban development. The GOE will review the case of the NGO *Commonwealth Association of Planners* in view to their possible legalization. In that case, the project would be conducted by this organization in cooperation with the already operating *Slum Dwellers International* in view of urban upgrading in the Greater Cairo area.

II.3.3. The Egyptian oil refining industry has developed well over the past years. The US is going to act as an intermediary to foreign investors in that sector. The planned expansion of the sector envisages doubling GOEs current refining capacities. A joint venture in the oil refining industry between Egyptian and US companies will be facilitated by the respective parties.



Chapter Three

Reaffirming Cooperation in the Security Sector on the National, Regional and Global Levels

The signatories are determined to continue their efforts towards a peaceful resolution to the Israeli-Palestinian conflict unabatedly. The parties are also resolved to strengthening regional stability.

III.1. Levels and Modalities of Military Aid

Despite the negative impact the world financial crisis, therefore, previous levels of military aid to Egypt will be kept up current at 1.3 billion USD.

Unlike in the past, 300 millions of military aid will be liberalized for the GOE to spend not exclusively on US-made equipment as has hitherto been the case, but to be freely spent.

In addition, the US offers free access to the Egyptian air force for military training within the framework of NATO's red flag exercises.

III.2. Fighting Piracy

Egypt confirms its commitment to combating piracy. The GOE commits to Egypt joining the international task to combat piracy and join the ongoing operations of the said task force off the coast of Somalia and the Gulf of Aden.

III.3. Arab-Israeli Conflict

The GOE reaffirms its commitment to safeguarding the Israeli-Egyptian border as well as the borders between Gaza Egypt.

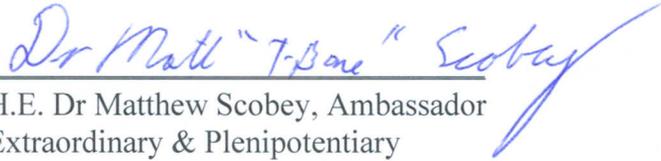
III.4. National Security

The GOE will establish an Internal Prison Review Board to assess the alleged human rights violations. The Board will be composed of GOE officials and EOHR.

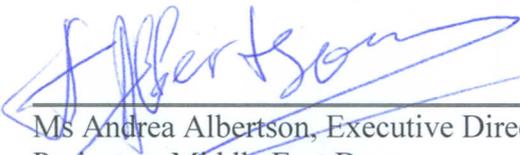
In addition to the regular military aid, the US will grant 50 million USD for the purpose of establishment of the said board as well as for training of Egyptian police officers, prison guards, and other relevant personnel with the purpose, i.a., of sensitizing Egyptian police and security forces in human rights issues. Such training may also take the form of joint activities of US and Egyptian security personnel.

Cairo, this 13th day of February 2010

For the United States of America:


H.E. Dr Matthew Scobey, Ambassador
Extraordinary & Plenipotentiary


Ms Hilda Arellano,
USAID/Egypt Mission Director


Ms Andrea Albertson, Executive Director,
Project on Middle East Democracy

For the Arab Republic of Egypt:


H.E. Ahmed Abu al-Gheit,
Minister of Foreign Affairs


H.E. Dr Youssef Boutros Ghali,
Minister of Finance


Ms Gamal Mubarak, Assistant Secretary
General of the National Democratic Party



Iman Al Far,
Assistant Deputy Minister for Protocol





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The United States of America and the Arab Republic of Egypt,

reaffirming our common interests to

- devote mutual efforts to fighting terrorism
- the enhancement of the Egyptian educational system
- increase efforts to combat corruption
- preserve regional stability
- further develop the Egyptian economy
- expand bi- and multilateral trade

*agree on bilateral cooperation during the years 2011 and 2012 as detailed
below.*

Section 1

Military aid will be maintained at its current level of 1.3 billion USD in order to guarantee regional stability.

Section 2

The current laws governing the founding of new parties (Law 162/1958) will be revised as follows, coming into effect on January 1, 2011.

The third clause of Article 5 of the constitution (amended in 2005) will be revised: The phrase banning “parties with roots in religious movements” will be replaced by “parties with terrorist ties”, terrorist ties being determined by the terrorism criteria of the U.N. security council resolution 1566 of 2004, based on the assessment of the Ministry of Interior of the Arab Republic of Egypt. The reasons for refusing the establishment of such a party have to be declared publically.

The provision in the Party Law (40/1997) regarding the number of required signatories will be reduced from 1,000 to 200 per voting bloc.

Section 3

The Egyptian government reaffirms its commitment to the MDGs and the Dakar framework.

The United States and Egypt will commonly strive to improve the Egyptian educational system through implementation of various programs, funded by USAID:

- Academic exchange between American and Egyptian universities
- Program for the promotion of child literacy in rural areas (UNICEF)
- Program for the promotion of foreign languages (Alliance Française and the British Council)
- Program with Egyptian Center for Education and Rights (independent teachers' network) to build capacity of teachers throughout Egypt
- Cooperate with the Youth Forum: trainee programs for university students in several governorates
- Cooperate with Egyptians without Borders for Development, enhancing leadership skills of women (Aswan governorate)
- Fund workshops of Cairo University (trainee programs for young graduates in the field of journalism)
- Technology transfer in the field of education (computers, teaching materials funded by USAID).

Section 4

The U.S. government and the GoE reaffirm their commitment to fighting against corruption.

Effective January 1, 2011, 10 % of U.S. aid will have to be used for anti-corruption measures.

The Government of Egypt will install and fund, with the help of the above mentioned U.S. aid, an "Egyptian Anti-Corruption Commission" (EACC), consisting of two independent observers (to be appointed by the U.N. Office on Drugs and Crime), judges, Members of Parliament, and members of the Egyptian civil society.

In order to increase transparency and dialogue, bi-yearly meetings of the judges' club and Members of Parliament will be initiated, to be hosted by the GoE.

The GoE is striving to establish a coherent framework for national security, which will abolish the two-track-court system (military courts) as soon as possible.

Section 5

In order to enhance the development of the Egyptian economy, the U.S. agree to implement a moratorium on subsidy restrictions. There are no conditionalities to reduce subsidies for food and energy.

The GoE will continue liberalization and privatization efforts in line with IMF propositions, with the future intent to further privatize the textile industry.

The U.S. commits itself to revitalizing other sectors of the Egyptian economy in the future, with a specific focus on facilitating oil production in Egypt.

The U.S. commits to a debt relief of 10 billion USD on the condition that Egypt draft a poverty reduction strategy paper within the next 12 months in line with World Bank and IMF standards, including a commitment to the Millenium Development Goals. Another 5 billion USD of debt relief will be granted after the successful completion of the first phase of the poverty reduction strategy.

Signatures:



H.E. Dr Matthew Scobey, Ambassador
Extraordinary & Plenipotentiary



Mr Henry Arellano,
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Ms Andrea Albertson, Executive Director,
Project on Middle East Democracy



H.E. Asma Umm al-Gheit,
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