



2024/0461(COD)

30.1.2025

OPINION

of the Committee on Foreign Affairs

for the Committee on International Trade

on the proposal for a decision of the European Parliament and of the Council
on providing macro-financial assistance to the Arab Republic of Egypt
(COM(2024)0461 – C10-0009/2024 – 2024/0071(COD))

Rapporteur for opinion: Tineke Strik

PA_Legam

SHORT JUSTIFICATION

As enshrined in the Treaties, the EU is required to uphold and promote the principles of human rights, democracy and the rule of law in its external action. While acknowledging the importance of the EU-Egypt strategic partnership and the need for MFA-support to Egypt in light of the economic impact of, among others, the current geopolitical situation, this opinion aims to integrate human rights, democracy and the rule of law as core parts of the MFA and to strengthen provisions related to parliamentary scrutiny and transparency. The Rapporteur is pleased that the Foreign Affairs Committee (AFET) confirmed that these founding principles of the EU should form the basis of EU-Egypt relations, and concrete improvement from Egypt in this regard is a precondition for the disbursement of the MFA. Moreover, the vote confirmed that the AFET Committee is convinced that Commission services and the European External Action Service have the responsibility to integrate this approach into the Memorandum of Understanding to be negotiated with Egypt, and report on progress on the specific conditions to the European Parliament and Council. Payment of each instalment should be subject to concrete improvements on human rights, democracy and the rule of law. The Rapporteur has full trust that the competences of the AFET Committee will be integrated into the report of the Committee on International Trade, and will engage with the respective Rapporteur to that end.

AMENDMENTS

The Committee on Foreign Affairs submits the following to the Committee on International Trade, as the committee responsible:

Amendment 1

Proposal for a decision

Recital 3

Text proposed by the Commission

(3) In line with the Partnership Priorities, the EU and Egypt are committed to ensuring accountability, the rule of law, the full respect of human rights, fundamental freedoms, promoting democracy, gender equality and equal opportunities as constitutional rights of all their citizens. These commitments contribute to the advancement of the partnership and to Egypt's sustainable development and stability. The increased and constructive engagement between the EU and Egypt in the last period has opened the path to more meaningful dialogue on

Amendment

(3) In line with the Partnership Priorities, the EU and Egypt are committed to ensuring accountability, the rule of law, the full respect of human rights, fundamental freedoms, promoting democracy, gender equality and equal opportunities as constitutional rights of all their citizens. These commitments contribute to the advancement of the partnership and to Egypt's sustainable **social and economic** development and stability. The increased and constructive engagement between the EU and Egypt in the last period has opened the path to more

human rights related issues. The subcommittee on Political Matters, Human Rights and Democracy, International and Regional issues of December 2022 and the Association Committee of May 2023 provided the institutional platforms to exchange on an array of human rights issues, which the EU would like to continue and build on. **The** improvement of the human rights situation in Egypt will have a positive impact on EU-Egypt relations.

meaningful dialogue on human rights related issues. The subcommittee on Political Matters, Human Rights and Democracy, International and Regional issues of December 2022 and the Association Committee of May 2023 provided the institutional platforms to exchange on an array of human rights issues, which the EU would like to continue and build on. **A future** improvement of the human rights situation in Egypt, **such as improving the rights to freedom of expression, association and peaceful assembly, introducing a moratorium on death penalty, combating torture and enforced disappearances, and improving the conditions of prisons,** will have a positive impact on EU-Egypt relations.

Amendment 2

Proposal for a decision

Recital 5

Text proposed by the Commission

(5) The EU recognises Egypt's key role for regional security and stability. Terrorism, organised crime **and** conflicts are common threats against our security and the social fabric of nations across both sides of the Mediterranean. Therefore, the EU and Egypt have a common interest in strengthening cooperation highlighted in the Partnership Priorities, in full compliance with international law, including human rights and international humanitarian law.

Amendment

(5) The EU recognises Egypt's key role for regional security and stability, **and has a strong interest in preventing short-term economic instability in that country that could have broader consequences as well as benefit geopolitical rivals.** Terrorism, organised crime, **disinformation,** conflicts **and persecution of religious and ethnic minorities** are common threats against our security and the social fabric of nations across both sides of the Mediterranean. Therefore, the EU and Egypt have a common interest in strengthening cooperation highlighted in the Partnership Priorities, in full compliance with international law, including human rights and international humanitarian law, **as well as in promoting joint interests and addressing common challenges.**

Amendment 3

Proposal for a decision

Recital 6

Text proposed by the Commission

(6) Recalling the geo-political challenges, such as the consequences of Hamas terrorist attacks **across Israel on 7 October 2023** as well as the conflict in Sudan, and the strategic importance of Egypt as the largest country in the region and a pillar of stability for the whole Middle East, the Union is embarking on concluding a Strategic and Comprehensive partnership with Egypt as outlined in the Joint Declaration.

Amendment

(6) Recalling the geo-political challenges, such as the **broader consequences of *the situation in the Middle East following the*** Hamas terrorist attacks **of 7 October 2023**, as well as the **armed conflict in Sudan *and instability in Syria***, and the strategic importance of Egypt as the largest country in the region and a pillar of stability **and security** for the whole Middle East, the Union is embarking on concluding a Strategic and Comprehensive partnership with Egypt as outlined in the Joint Declaration.

Amendment 4

Proposal for a decision

Recital 9

Text proposed by the Commission

(9) Egypt's macro-fiscal situation has faced significant challenges and deteriorated substantially over recent months, as external pressures have intensified and public debt has increased further, with substantial downside risks to the economic outlook persisting. The repercussions of Russia's war on Ukraine and of ***Hamas terrorist attacks against Israel*** have led to protracted capital outflows and lower foreign currency receipts, notably due to sharply falling income from tourism and Suez Canal proceeds. This is particularly challenging amid Egypt's difficult fiscal situation, which is characterised by constant fiscal deficits and high and growing debt to GDP ratios.

Amendment

(9) Egypt's macro-fiscal situation has faced significant challenges and deteriorated substantially over recent months, as external pressures have intensified and public debt has increased further, with substantial downside risks to the economic outlook persisting. The repercussions of Russia's war on Ukraine and of ***the situation in the Middle East*** have led to protracted capital outflows and lower foreign currency receipts, notably due to sharply falling income from tourism and Suez Canal proceeds. This is particularly challenging amid Egypt's difficult fiscal situation, which is characterised by constant fiscal deficits and high and growing debt to GDP ratios. ***Moreover, instability and uncertainty in Syria would further exacerbate the already existing macro-financial issues***

for Egypt.

Amendment 5

Proposal for a decision

Recital 19

Text proposed by the Commission

(19) The Commission should ensure that the Union's macro-financial assistance is legally and substantially in line with the key principles, objectives and measures taken within the different areas of external action and with other relevant Union policies.

Amendment

(19) ***As enshrined in Article 212 TFEU,*** the Commission should ensure that the Union's macro-financial assistance is legally and substantially in line with the key principles, objectives and measures taken within the different areas of external action, ***and in particular with Article 2 of the EU-Egypt Association Agreement of 2004 concerning the respect of democratic principles and fundamental human rights*** and with other relevant Union policies.

Amendment 6

Proposal for a decision

Recital 22

Text proposed by the Commission

(22) A pre-condition for granting the Union's macro-financial assistance to Egypt should be that the country ***continues to make*** concrete and credible steps towards respecting effective democratic mechanisms – including a multi-party parliamentary system – and the rule of law, and guarantees respect for human rights. In addition, the specific objectives of the Union's macro-financial assistance should strengthen the efficiency, transparency and accountability of the public finance management systems, the governance and supervision of the financial sector in Egypt and promote structural reforms aimed at supporting sustainable and inclusive growth, decent employment creation and fiscal consolidation. The fulfillment of the

Amendment

(22) A pre-condition for granting the Union's macro-financial assistance to Egypt should be that the country ***takes*** concrete and credible steps towards respecting ***and enhancing*** effective democratic mechanisms – including a multi-party parliamentary system – and the rule of law, and guarantees respect for human rights, In addition, the specific objectives of the Union's macro-financial assistance should strengthen the efficiency, transparency and accountability of the public finance management systems, the governance and supervision of the financial sector in Egypt and promote structural reforms aimed at supporting sustainable and inclusive growth, decent employment creation and fiscal consolidation. The

pre-condition and the achievement of the specific objectives should be regularly monitored by the Commission services and the European External Action Service.

fulfillment of the pre-condition and the achievement of the specific objectives should be regularly monitored by the Commission services and the European External Action Service.

Amendment 7

Proposal for a decision

Recital 26

Text proposed by the Commission

(26) The Union's macro-financial assistance should be managed by the Commission. In order to ensure that the European Parliament and the Council are able to follow the implementation of this Decision, the Commission should regularly inform them of developments relating to the assistance and provide them with relevant documents.

Amendment

(26) The Union's macro-financial assistance should be managed by the Commission. In order to ensure that the European Parliament and the Council are able to follow the implementation of this Decision, the Commission should regularly inform them ***with an annual report*** of developments relating to the assistance and ***on the respect of effective democratic mechanisms, as per the pre-conditions referred to in this Decision and***, provide them with relevant documents.

Amendment 8

Proposal for a decision

Recital 28

Text proposed by the Commission

(28) The Union's macro-financial assistance should be subject to economic policy conditions, to be laid down in a Memorandum of Understanding. In order to ensure uniform conditions of implementation and for reasons of efficiency, the Commission should be empowered to negotiate such conditions with the Egyptian authorities under the supervision of the committee of representatives of the Member States in accordance with Regulation (EU) No 182/2011. Under that Regulation, the

Amendment

(28) The Union's macro-financial assistance should be subject to economic policy ***and democracy, rule of law and human rights*** conditions, to be laid down in a Memorandum of Understanding. In order to ensure uniform conditions of implementation and for reasons of efficiency, the Commission should be empowered to negotiate such conditions with the Egyptian authorities under the supervision of the committee of representatives of the Member States in accordance with Regulation (EU) No

advisory procedure should, as a general rule, apply in all cases other than as provided for in that Regulation. Considering the potentially important impact of assistance of more than EUR 90 million, it is appropriate that the examination procedure be used for operations above that threshold. Considering the amount of the Union's macro-financial assistance to Egypt, the examination procedure should apply to the adoption of the Memorandum of Understanding, and to any reduction, suspension or cancellation of the assistance.

182/2011. Under that Regulation, the advisory procedure should, as a general rule, apply in all cases other than as provided for in that Regulation. Considering the potentially important impact of assistance of more than EUR 90 million, it is appropriate that the examination procedure be used for operations above that threshold. Considering the amount of the Union's macro-financial assistance to Egypt, the examination procedure should apply to the adoption of the Memorandum of Understanding, and to any reduction, suspension or cancellation of the assistance.

Amendment 9

Proposal for a decision

Article 1 – paragraph 3 – subparagraph 1

Text proposed by the Commission

The release of the Union's macro-financial assistance shall be managed by the Commission in a manner consistent with the agreements or understandings reached between the IMF and Egypt, and with the key principles and objectives *of economic reforms* set out in the EU-Egypt Association Agreement.

Amendment

The release of the Union's macro-financial assistance shall be managed by the Commission in a manner consistent with the agreements or understandings reached between the IMF and Egypt, and with the key principles and objectives set out in the EU-Egypt Association Agreement.

Amendment 10

Proposal for a decision

Article 1 – paragraph 3 – subparagraph 2

Text proposed by the Commission

The Commission shall regularly inform the European Parliament and the Council of developments regarding the Union's macro-financial assistance, including disbursements thereof, and shall provide those institutions with the relevant

Amendment

The Commission shall regularly inform the European Parliament and the Council of developments regarding the Union's macro-financial assistance, including disbursements thereof, *as well as on the progress made relating to economic and*

documents in due time.

democratic reforms in Egypt, and shall provide those institutions with the relevant documents, *including third-party independent assessments*, in due time.

Amendment 11

Proposal for a decision

Article 1 – paragraph 3 – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

The transparent management of funds allocated under this macro-financial assistance is essential in order to ensure that resources are used wisely, in accordance with the set objectives. The Union shall ensure that effective and independent control and audit mechanisms are put in place to prevent any misappropriation.

Amendment 12

Proposal for a decision

Article 2 – paragraph 1

Text proposed by the Commission

Amendment

1. A pre-condition for granting the Union's macro-financial assistance shall be that Egypt *continues to make* concrete and credible steps towards respecting effective democratic mechanisms – including a multi-party parliamentary system – and the rule of law, and *guarantees* respect for human rights.

1. A pre-condition for granting the Union's macro-financial assistance shall be that Egypt *takes* concrete and credible steps towards respecting effective democratic mechanisms – including a multi-party parliamentary system – and the rule of law, and *made a quantitative and substantial improvement in the* respect for human rights, *since the signing in June 2024 of the Memorandum of Understanding linked to the EUR 1 billion macro-financial assistance package, and that it continues to make concrete and credible improvements in those areas throughout the period covered by this Decision.*

Amendment 13

Proposal for a decision Article 2 – paragraph 2

Text proposed by the Commission

2. The Commission services and the European External Action Service shall monitor the fulfilment of this pre-condition throughout the life-cycle of the Union's macro-financial assistance.

Amendment

2. The Commission services and the European External Action Service shall monitor the fulfilment of this pre-condition throughout the life-cycle of the Union's macro-financial assistance ***in a transparent process in which civil society and international entities such as UN organisations are able to contribute, and report, regularly and in writing, to the European Parliament on the conditions referred to in Article 2 (1).***

Amendment 14

Proposal for a decision Article 3 – paragraph 1

Text proposed by the Commission

1. The Commission, in accordance with the examination procedure referred to in Article 7(2), shall agree with the Egyptian authorities on clearly defined economic policy and financial conditions, focusing on structural reforms and sound public finances, to which the Union's macro-financial assistance is to be subject, to be laid down in a Memorandum of Understanding ("the Memorandum of Understanding") which shall include a timeframe for the achievement of those reforms. The economic policy and financial conditions set out in the Memorandum of Understanding shall be consistent with the agreements or understandings referred to in Article 1(3), including the macroeconomic adjustment and structural reform programmes implemented by Egypt with the support of the IMF.

Amendment

1. The Commission, in accordance with the examination procedure referred to in Article 7(2), shall agree with the Egyptian authorities on clearly defined economic policy and financial conditions, focusing on structural reforms and sound public finances, ***as well as on democracy, rule of law and human rights conditions,*** to which the Union's macro-financial assistance ***and the release of each separate instalment*** is to be subject, to be laid down in a Memorandum of Understanding ("the Memorandum of Understanding") which shall include a timeframe for the achievement of those reforms. The economic policy and financial conditions set out in the Memorandum of Understanding shall be consistent with the agreements or understandings referred to in Article 1(3), including the macroeconomic adjustment and structural reform programmes implemented by Egypt with

the support of the IMF.

Amendment 15

Proposal for a decision Article 3 – paragraph 2

Text proposed by the Commission

2. The conditions referred to in paragraph 1 shall aim, in particular, at enhancing the efficiency, transparency and accountability of the public finance management systems in Egypt, including for the use of the Union's macro-financial assistance. Progress in mutual market opening, the development of rules-based and fair trade, and other priorities in the context of the Union's external policy shall also be duly taken into account when designing the policy measures. Progress in attaining those objectives shall be regularly monitored by the Commission.

Amendment

2. The conditions referred to in paragraph 1 shall aim, in particular, at **introducing reforms towards respecting effective democratic mechanisms - including a multi-party parliamentary system - and the rule of law, and ensuring respect for human rights**, enhancing the efficiency, transparency and accountability of the public finance management systems in Egypt, including for the use of the Union's macro-financial assistance. Progress in mutual market opening, **poverty reduction, good governance, the fight against corruption**, the development of rules-based and fair trade, and other priorities in the context of the Union's external policy, **including those relating to democracy, rule of law and human rights**, shall also be duly taken into account when designing the policy measures. Progress in attaining those objectives shall be regularly monitored by the Commission.

Amendment 16

Proposal for a decision Article 4 – paragraph 3 – subparagraph 1 – point c

Text proposed by the Commission

(c) the satisfactory implementation of the economic policy conditions **and** financial conditions agreed in the Memorandum of Understanding.

Amendment

(c) the satisfactory implementation of the economic policy conditions, financial conditions, **and democracy, rule of law and human rights conditions**, agreed in the Memorandum of Understanding.

Amendment 17

Proposal for a decision

Article 8 – paragraph 1 – point c a (new)

Text proposed by the Commission

Amendment

(ca) outline the concrete and credible steps Egypt has taken towards respecting effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and towards ensuring respect for human rights.

ANNEX: ENTITIES OR PERSONS FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur for the opinion received input from the following entities or persons in the preparation of the opinion:

| Entity and/or person |
|--|
| European Commission - DG ECFIN |
| EEAS |
| Various Egyptian authorities on multiple occasions |
| Amnesty International |
| Euromed Rights |
| CIHRS |
| Egyptian Front for Human Rights |
| Committee to Protect Journalists |
| Various Members of the Egyptian Parliament |
| UNHCR |
| Save the Children |
| Frontex |
| Various diplomats of EU Member States in Cairo |
| Various local civil society organisations in Egypt |
| Third country diplomat in Egypt |

The list above is drawn up under the exclusive responsibility of the rapporteur for the opinion.

Where natural persons are identified in the list by their name, by their function or by both, the rapporteur for the opinion declares that she has submitted to the concerned natural persons the European Parliament's Data Protection Notice No 484 (<https://www.europarl.europa.eu/data-protect/index.do>), which sets out the conditions applicable to the processing of their personal data and the rights linked to that processing.

PROCEDURE – COMMITTEE ASKED FOR OPINION

| | |
|---|---|
| Title | Macro-financial assistance to the Arab Republic of Egypt |
| References | COM(2024)0461 – C10-0009/2024 – 2024/0071(COD) |
| Committee(s) responsible | INTA |
| Opinion by Date announced in plenary | AFET 13.11.2024 |
| Rapporteur for the opinion Date appointed | Tineke Strik 14.10.2024 |
| Discussed in committee | 3.12.2024 |
| Date adopted | 30.1.2025 |
| Result of final vote | +: 59 –: 6 0: 7 |
| Members present for the final vote | Mika Aaltola, Lucia Annunziata, Petras Auštrevičius, Jordan Bardella, Dan Barna, Wouter Beke, Robert Biedroń, Ioan-Rareș Bogdan, Marc Botenga, Grzegorz Braun, Sebastião Bugalho, Danilo Della Valle, Özlem Demirel, Elio Di Rupo, Michael Gahler, Geadis Geadis, Giorgos Georgiou, Raphaël Glucksmann, Bernard Guetta, Rima Hassan, Rasa Juknevičienė, Sandra Kalniete, Łukasz Kohut, Rihards Kols, Andrey Kovatchev, Vilis Krištopans, Nathalie Loiseau, Claudiu Manda, David McAllister, Sven Mikser, Francisco José Millán Mon, Arkadiusz Mularczyk, Leoluca Orlando, Kostas Papadakis, Tonino Picula, Thijs Reuten, Nacho Sánchez Amor, Andreas Schieder, Alexander Sell, Villy Søvndal, Davor Ivo Stier, Sebastiaan Stöteler, Stanislav Stoyanov, Marie-Agnes Strack-Zimmermann, Michał Szczerba, António Tânger Corrêa, Marta Temido, Cristian Terheș, Riho Terras, Hermann Tertsch, Pierre-Romain Thionnet, Sebastian Tynkkynen, Reinier Van Lanschot, Roberto Vannacci, Hilde Vautmans, Harald Vilimsky, Željana Zovko |
| Substitutes present for the final vote | Jaume Asens Llodrà, Malik Azmani, Engin Eroglu, Sandra Gómez López, Evin Incir, András László, Ana Catarina Mendes, Hans Neuhoﬀ, Nicolás Pascual de la Parte, Chloé Ridet, Tineke Strik, Șerban Dimitrie Sturdza, Ingeborg Ter Laak, Matej Tonin, Ivaylo Valchev, Isabel Wiseler-Lima |
| Members under Rule 216(7) present for the final vote | Catarina Vieira |

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

| 59 | + |
|-----------|--|
| ECR | Geadis Geadis, Rihards Kols, Arkadiusz Mularczyk, Șerban Dimitrie Sturdza, Cristian Terheș, Ivaylo Valchev |
| PPE | Mika Aaltola, Wouter Beke, Ioan-Rareș Bogdan, Sebastião Bugalho, Michael Gahler, Rasa Juknevičienė, Sandra Kalniete, Łukasz Kohut, Andrey Kovatchev, David McAllister, Francisco José Millán Mon, Nicolás Pascual de la Parte, Davor Ivo Stier, Michał Szczerba, Ingeborg Ter Laak, Riho Terras, Matej Tonin, Isabel Wiseler-Lima, Željana Zovko |
| PfE | András László, António Tânger Corrêa, Hermann Tertsch, Roberto Vannacci |
| Renew | Petras Auštrevičius, Malik Azmani, Dan Barna, Engin Eroglu, Bernard Guetta, Nathalie Loiseau, Marie-Agnes Strack-Zimmermann, Hilde Vautmans |
| S&D | Lucia Annunziata, Robert Biedroń, Elio Di Rupo, Raphaël Glucksmann, Sandra Gómez López, Evin Incir, Claudiu Manda, Ana Catarina Mendes, Sven Mikser, Tonino Picula, Thijs Reuten, Nacho Sánchez Amor, Andreas Schieder, Marta Temido |
| The Left | Özlem Demirel, Rima Hassan |
| Verts/ALE | Jaume Asens Llodrà, Leoluca Orlando, Villy Søvndal, Tineke Strik, Reinier Van Lanschot, Catarina Vieira |

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| NI | Grzegorz Braun, Kostas Papadakis |
| PfE | Jordan Bardella, Sebastiaan Stöteler, Pierre-Romain Thionnet, Harald Vilimsky |

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| ECR | Sebastian Tynkkynen |
| ESN | Hans Neuhoﬀ, Alexander Sell, Stanislav Stoyanov |
| The Left | Marc Botenga, Danilo Della Valle, Giorgos Georgiou |

Key to symbols:

+ : in favour

- : against

0 : abstention