

The Euro-Mediterranean Partnership

Political and Economic Perspectives

edited by
RICHARD GILLESPIE



The Euro-Mediterranean Partnership: Political and Economic Perspectives

Of Related Interest

SOUTHERN EUROPEAN WELFARE STATES

Between Crisis and Reform

edited by Martin Rhodes

FEDERALISM, UNIFICATION AND EUROPEAN INTEGRATION

edited by Charlie Jeffery and Roland Sturm

THE CRISIS OF REPRESENTATION IN EUROPE

edited by Jack Hayward

CRISIS AND TRANSITION IN ITALIAN POLITICS

edited by Martin Rhodes and Martin Bull

THE REGIONAL DIMENSION OF THE EUROPEAN UNION

Towards a Third Level in Europe?

edited by Charlie Jeffery

THE POLITICAL ECONOMY OF REGIONALISM

edited by Michael Keating and John Loughlin

THE EURO- MEDITERRANEAN PARTNERSHIP

Political and Economic Perspectives

Edited by
RICHARD GILLESPIE

First published in 1997 by
FRANK CASS PUBLISHERS

This edition published 2013 by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN
711 Third Avenue, New York, NY 10017

Routledge is an imprint of the Taylor & Francis Group, an informa business

Copyright © 1997 Frank Cass

British Library Cataloguing in Publication Data

The Euro-Mediterranean partnership : political and economic perspectives

1. Mediterranean Region - Economic conditions
 2. Mediterranean Region - Politics and government - 1945 -
 - I. Gillespie, Richard, 1952 -
- 337.1'1822

ISBN 0 7146 4822 1 (hardback)
0 7146 4370 X (paperback)

Library of Congress Cataloging in Publication Data

The Euro-Mediterranean partnership : political and economic perspectives / edited by Richard Gillespie.

p. cm.

"This group of studies first appeared in a Special Issue on 'The Euro-Mediterranean Partnership: Political and Economic Perspectives' in *Mediterranean Politics* 2/1 (Summer 1997) published by Frank Cass"--T.p. verso.

Includes index.

ISBN 0-7146-4882-1. 1. -- ISBN 0-7146-4370-X (pbk.)

1. Europe--Foreign relations--Mediterranean Area.
 2. Mediterranean Area--Foreign relations--Europe. I. Gillespie, Richard, 1952-
- D1065.M628E86 1997 97-23753
327.4018'2--dc21 CIP

This group of studies first appeared in a Special Issue on 'The Euro-Mediterranean Partnership: Political and Economic Perspectives' of *Mediterranean Politics* 2/1 (Summer 1997) published by Frank Cass.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form, or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher.

Contents

Introduction: The Euro-Mediterranean Partnership Initiative	Richard Gillespie	1
 PART I: OVERVIEWS		
The Euro-Mediterranean Partnership since Barcelona	Jean-Pierre Derisbourg	9
Southern Attitudes towards an Integrated Mediterranean Region	George Joffé	12
 PART II: NATIONAL PERSPECTIVES		
Spanish Protagonismo and the Euro-Med Partnership Initiative	Richard Gillespie	33
Spanish–Moroccan Economic Relations	Josep M. Jordán Galduf	49
Egypt and the Euro-Mediterranean Partnership: Strategic Choice or Adaptive Mechanism	Mohammad El-Sayed Selim	64
 PART III: THE SOCIO-ECONOMIC DIMENSION		
Socio-Economic Disparities in the Mediterranean	Mustafa Benyaklef	93
The Economic Impact of the Euro-Mediterranean Free Trade Area on Mediterranean Non-Member Countries	Alfred Tovias	113
The Euro-Mediterranean Partnership and Sustainable Development: The Interface between Free Trade and the Environment	Anna Syngellakis	129
 PART IV: SECURITY		
The Relevance of European Security Structures to the Mediterranean (and Vice Versa)	Dominic Fenech	149

Appendix: The Barcelona Declaration	177
Index	189

Introduction: The Euro-Mediterranean Partnership Initiative

RICHARD GILLESPIE

The Euro-Mediterranean Conference held in Barcelona in November 1995 marked the start of a new chapter in the relations between the European Union and its southern neighbours. The proclamation of a Partnership between the 15 member states of the EU and 12 non-member Mediterranean countries arose out of European concern about the instability of North Africa and southern concern at the EU's recent support for central-eastern European countries, with the East being seen to be favoured to the detriment of the South. While Europeans fear that a marginalized, declining North Africa would be a recipe for the rise of Islamist regimes and a major exodus of economic migrants and political refugees to Europe, southern Mediterraneans have appealed to Europe to be more even-handed when reconsidering the economic support that it gives to its eastern and southern neighbours.

The launch of the Euro-Mediterranean Partnership took place a quarter of a century after the European Community had begun to develop a conscious Mediterranean policy. It represented a reinforcement of that policy in both qualitative and quantitative terms. While greater resources are being committed than ever before by the EU, the scope of the policy has been expanded in various significant ways. For one, in terms of economic support for the Mediterranean partners, the traditional emphasis upon financial aid has been joined by a new emphasis upon gradual moves towards a Euro-Mediterranean Free Trade Area, although for the moment the plans are clearly circumscribed and in no way fully satisfy the demands of southern producers and governments. Second, while the economic component of the new partnership remains its most defined feature, this is now combined with commitments to co-operate at two other levels: the political and security level, and the 'cultural, human and social' level. Third, the vision informing the Partnership is much more long term than in the case of traditional EC Mediterranean policy, with commitments being entered into in the mid-1990s that seek to shape the nature of Euro-Mediterranean relations well into the twenty-first century. Indeed, this highly ambitious project seeks nothing less than to create a new Euro-Mediterranean region

in a part of the world that has functioned historically much more as a crossroads than as a coherent political or economic entity.

The contributions that appear in this collection were first discussed at a research workshop held in Portsmouth on 20–22 September 1996, entitled 'The Euro-Mediterranean Partnership Initiative: Prospects, Opportunities and Obstacles'. Organized by the Mediterranean Research Group (MRG) at the University of Portsmouth, the meeting was sponsored by the University of Portsmouth and DG-IB of the European Commission, represented at the workshop by Dr Jean-Pierre Derisbourg, adviser to the Director General responsible for North–South relations. Participants included external research partners of the MRG from Morocco, Spain, Tunisia, Malta, Egypt and Israel, as well as from other British universities. This selection of revised workshop papers focuses mainly on the political and economic aspects of the Euro-Mediterranean Partnership Initiative and provides one of the first general sources on what has become known as the 'Barcelona Process'.

While launched in the name of a partnership, and subscribed to by southern Mediterraneans as well as Europeans, it has been the EU that has been in the driving seat thus far. Although the EU has listened to specific southern demands and concerns, one cannot talk legitimately of a 'Barcelona consensus', and thus it is appropriate that the first part of this collection is devoted to overviews that reflect diverging northern and southern perspectives. The outlook of the European Commission is represented by Jean-Pierre Derisbourg, who not only summarizes the EU conception of the Partnership but also indicates where progress has been achieved since Barcelona. The lack of achievement thus far with regard to building a 'partnership in social, cultural and human affairs', while an integral part of the project, explains why this publication has a political and economic focus, leaving the cultural dimension for consideration at a later date.

While southern perspectives are reflected in several of the contributions, such as that by Mohammad El-Sayed Selim, they are woven into a Mediterranean *tour d'horizon* by George Joffé, who explains why many of the southern partners have signed up for the initiative, yet remain sceptical about its aims and feasibility. He challenges several of the European assumptions upon which the project is based and is critical of EU paternalism towards the South.

North–South divergence is present also throughout Part II, which is devoted to national perspectives. In this, special attention is paid to the interests and policies of Spain, Morocco and Egypt. Egypt is a country that has taken an initiative of its own, a multilateral project known as the 'Mediterranean Forum', but as Mohammad Selim shows, the country seeks

to reconcile its traditional economic links to Europe with more recent commitments towards other regional integration projects in Asia. His study of the Egyptian case provides an excellent illustration of the distance between the economic package offered by the EU and the perceptions of national interest to be found in an important country of North Africa.

Spain is also inevitably a major focus of this collection. Apart from hosting the founding Euro-Mediterranean Conference, Spain played a crucial role in the gestation of the Partnership initiative. However, while on occasion Spain has appeared as the protagonist of the Barcelona Process, it is shown here that the key to its influence has been its ability to marry national interests with those of other partners (notably France), and to exchange policy support with major northern member states (especially Germany). Spain presents itself as a European champion of the southern Mediterranean: a northern ally of the South and a southern advocate for the Mediterranean within Europe. It has found itself often in the contradictory position of urging the EU to demonstrate greater solidarity with the South, yet resisting southern demands for trade concessions that would damage the interests of domestic consumers. None the less, as economist Josep Jordán Galduf shows in his study of Hispano-Moroccan relations, there are complementary as well as competitive North-South economic relationships across the Mediterranean, and these may grow so long as development intensifies in both Spain and Morocco.

None the less, the challenge is enormous, as Mustafa Benyaklef illustrates in his study of socio-economic disparities in the Mediterranean, which introduces Part III on the socio-economic dimension. While commenting that development and underdevelopment are often easier to feel than to measure, Benyaklef provides ample quantitative evidence of the huge gulf that still separates the northern economies and populations from the southern ones. Against this background, Alfred Tovas assesses the likely economic impact of the planned Euro-Mediterranean free trade area on the non-EU Mediterranean countries. He points to the discrepancy between the respective trade concessions that will be made by the EU member states and the non-member Mediterranean countries, and argues that the latter will suffer in terms of cuts in tariff revenue and increased costs arising from foreign currency expenditure on imports. However, an inevitable deepening in the asymmetric trade dependence between the EU and its Mediterranean partners could be offset to some extent if the southern Mediterraneans were to exploit the considerable potential that exists for increased South-South trade.

The impact of the free trade venture on the environment is considered by Anna Syngellakis, who places the latest initiative in the context of other international agreements that recognize the important interactions between

free trade and sustainable development. While the principle of environmental protection is enshrined in the Barcelona Declaration, the probability is that activities undertaken in the name of economic co-operation will in fact add to the already critical environmental problems of the area. This should not lead automatically to fatalistic conclusions, however, for the Barcelona initiative could generate a regional framework within which the partners could work together to ensure that environmental protection and sustainable development become something more than slogans.

Security is the theme of the final part of this collection, complementing the issues of North–South political and economic co-operation addressed earlier. In fact, security is never quite absent throughout these studies, for today European notions of security extend far beyond traditional military defence concerns to embrace risks to stability emanating from sources as diverse as environmental degradation, the attempts of extremist political forces in Europe to exploit tensions surrounding immigration, terrorism in European cities as a spill-over effect of North African and Middle Eastern conflicts, and the impact on European societies of drugs and drug-trafficking networks with origins in the underdeveloped South.

Dominic Fenech shows how NATO, the WEU and the OSCE have all become more interested in the Mediterranean in recent years and have initiated dialogues with some of the southern countries. None of them, however, is seen as suitable as a security structure for the Mediterranean, which they inevitably see through the prism of European and western security. The advantage of the EU is paradoxically that it is *not* a security organization, and thus is better qualified to tackle the roots of instability that give rise to security concerns, as it is seeking to do through its Euro-Mediterranean Partnership project

Here, as elsewhere in the collection, it is abundantly evident that the Euro-Mediterranean Partnership has a great deal still to achieve if it is to become a meaningful partnership, which would involve more of a balance between northern and southern initiative, further development of a Euro-Med consensus within the EU and – last but not least – increased co-operation among the southern partners. No doubt, the Europeans could have approached it with a greater respect for southern perspectives, but it remains a fact of life that the EU as the more prosperous and united part of this North–South enterprise inevitably provided the original architectural design of the new relationship. That this design is insufficiently sensitive to the needs of the non-European partners is amply demonstrated in these pages. Yet there is also to be found here a degree of optimism that within the new framework at least some of the defects in the original design can be addressed and remedied. If there are grounds for hope that this initiative will

indeed generate peace, prosperity and stability in the Mediterranean area, they lie in the fact that Barcelona is emblematic of a *process*: a dynamic, ongoing set of international activities, interrelationships and exchanges, in which improvements can still be made so long as the participants are prepared to reconsider the assumptions upon which policy has been made. This is the challenge that faces the participants. They will need to respond to it early on if the Euro-Mediterranean Partnership is to succeed.

This page intentionally left blank

Part I: Overviews

This page intentionally left blank

The Euro-Mediterranean Partnership since Barcelona

JEAN-PIERRE DERISBOURG

The fundamental reasons for establishing the Euro-Mediterranean Partnership with 12 non-EU southern countries remain entirely valid:

- (a) After the collapse of the USSR, the European Union was attracted to the East, with the possibility of accession for central European countries and the Baltic states. The European Commission and member states wanted to rectify the balance in favour of our Mediterranean neighbours in the South who cannot accede to the EU.
- (b) The process of regionalization within the broader process of globalization of the world economy is a clear trend: NAFTA in North America, with the possibility of extension to South America; MERCOSUR embracing four Latin American countries; ASEAN and possibly APEC in Asia. The new rules of the World Trade Organization have provided further impetus for the EU to review its network of bilateral agreements with its Mediterranean neighbours.
- (c) The need to stabilize the socio-economic situation of our southern neighbours is associated with two objectives: peace and stability, on the one hand, and a desire to put a brake on immigration to Europe, on the other.

Compared with the EU's previous bilateral relations with Mediterranean countries, the innovations brought by the Partnership are essentially threefold:

- a new spirit in our relations and a non-paternalistic relationship by working together in various groups that meet frequently (for example, the Euro-Mediterranean Committee for the Barcelona Process and the senior officials meetings on political and security questions), seeking to secure full co-operation between all of the 27 governments involved in the Partnership and the European Commission;
- a wider range of issues are included in the Partnership, of a political, economic and financial, social, human and cultural nature;

Dr Jean-Pierre Derisbourg is Adviser to the Director General responsible for North-South Relations in DG-IB of the European Commission.

- two complementary tracks are being employed: regional and bilateral. The current phase of upgrading the bilateral agreements is a precondition for later establishing genuine regional integration through a network of bilateral South–South agreements.

The Work Programme adopted in Barcelona is divided into three ‘baskets’ of measures. Within each of these, the discussions have gone well since the Barcelona Conference:

(i) The Political and Security Partnership

This seeks to establish a common area of peace and stability. Senior officials, meeting regularly in Brussels, are engaging in political dialogue to examine the most appropriate means and methods for implementing the principles adopted in Barcelona. Despite the difficulties in the Middle East peace process, they have been working pragmatically, initially to produce a list of confidence-building measures to present at the following Euro-Mediterranean meeting of ministers of foreign affairs (Malta, April 1997). Meanwhile, foreign policy institutes in the region, grouped together in Euromesco, were also encouraged to prepare a contribution for the meeting.

(ii) Establishment of a Euro-Mediterranean Free Trade Area

Anyone wanting to transform the Mediterranean into a zone of peace and stability should focus attention on how to improve the socio-economic situation in each of the countries involved. The negotiation of association agreements between the EU and the non-EU partners is expected to act as a powerful catalyst for opening up the economies, introducing free market systems and adopting necessary legislative reforms. This should give a spur to economic development, private investment and job creation, while working in favour of less corruption, more transparency and accountability, and an easing of internal social tensions. Association agreements have already been negotiated and signed with Tunisia, Israel and Morocco, and there have been negotiations or at least exploratory talks with Egypt, Jordan, Lebanon, Algeria, Syria and the Palestinian Authority.

At the European Council in Cannes in June 1995, the EU decided to make a major financial contribution in support of modernization efforts in the non-member Mediterranean countries. This involves a doubling of the funds transferred to the southern partners: approximately Ecu 1 billion in grants every year until 1999 and a similar amount, or more, in loans from the European Investment Bank. The MEDA regulation governing these transfers was finally adopted by the Council in July 1996. Horizontal and decentralized policies will continue in certain areas—the environment, private sector development and regional development—and from 1997

improvements will be made in the instruments designed to implement these policies (Med Invest, Med Campus, Med Urbs, Med Media, Med Migration and so on.

(iii) Partnership in Social, Cultural and Human Affairs

A programme of action will soon be decided with the following aims:

- the development of human resources through training and education;
- the promotion of understanding between cultures and civilizations through initiatives such as periodic meetings between representatives of religious institutions, academics, etc.;
- encouragement of exchanges between civil societies: youth exchanges, links between media, exchanges of experiences between municipalities and regional authorities.

In conclusion, despite the pessimistic and sceptical comments made from certain quarters, there are grounds for optimism concerning the success of the Barcelona process, so long as there is:

- a reasonable minimum of political stability, freedom and pluralism; in this regard the continuation and the success of the peace process between Israel and its Arab neighbours is crucial. For the 27 partners of the Barcelona process just to be working together is already a confidence-building measure that could contribute to this stability;
- sound macroeconomic policy, which could inspire confidence among both domestic and foreign investors. Co-operation between the EU and its partners and international organizations such as the World Bank and IMF will contribute to the success of this policy;
- a limitation of government intervention in relation to market mechanisms: deregulation and privatization will be necessary; small and medium-size enterprises could contribute greatly to the diversification of the respective Mediterranean economies;
- the harmonious development of civil societies as the combined population of Turkey, the Mashreq and the Maghreb grows and may well reach a total of 300 million by the year 2025.

Southern Attitudes towards an Integrated Mediterranean Region

GEORGE JOFFÉ

The Euro-Mediterranean Partnership reflects the hegemony that Europe has established over the Mediterranean region. Southern Mediterranean countries have participated for lack of an alternative, but they remain highly sceptical. The project's security aims are flawed by EU disunity over a common foreign and security policy and the fact that a third party – the USA – remains the region's key security player. Southern Mediterraneans feel that Europeans have misunderstood the significance of Islamism and in fact may be unwittingly helping illiberal political forces by imposing a neo-liberal economic agenda. Southern Mediterraneans complaints relate to controls on population mobility, rigid EU prescriptions for economic reform, and the reliance of the project on increases in foreign investment which will not necessarily materialize. The Partnership is paternalistic, full of contradictions and offers little hope of resolving the social, economic and political problems of the region.

The advent of the European Union's Euro-Mediterranean Partnership policy, inaugurated at the Barcelona Conference, has created a completely new, albeit still unclear, set of relationships inside the Mediterranean region. This is particularly true for the southern participants in this new process who feel ambivalent over a project which they believe they could not resist. Underlying the details of the European Union's new policy are implications that will profoundly alter the structure of the Mediterranean region in the years to come.

The Euro-Mediterranean Partnership

The new Mediterranean policy of the European Union has been through a long and unpredictable process of gestation. Its origins lie in the colonial past of the Maghreb, for it was in response to France's continuing links with its former colonies there that the southern Mediterranean shore became a specific arena for Commission policy [Marks, 1996: 7].

George Joffé is the deputy director of the Royal Institute of International Affairs, London, and co-editor of *Mediterranean Politics*.

The Background

That policy evolved through a series of bilateral co-operation and association agreements from 1969 onwards, towards a system of preferential access for Moroccan and Tunisian agricultural goods and an attempt to create a more global policy based on financial aid to the whole Mediterranean region, with specific attention being paid to the Palestinian issue. By the end of the 1980s, however, Europe had become aware that, not least because of demographic pressure [Lesser 1996: 4], most southern Mediterranean economies were failing, and that Europe itself faced the possibility of increased labour migration (see Table 1) unless something were done to convert economic failure into success.

TABLE 1
MIDDLE EAST AND NORTH AFRICA, POPULATION 1970–2010
(Population in millions; annual growth rate in %)

	1970	gr 70-90	1990	1995	gr 90-10	2010
Maghreb	36.2	2.8	62.7	70.3	2.0	95.0
Mashreq	43.3	2.5	71.5	80.4	2.0	107.6
GCC	7.7	5.4	22.1	25.0	3.0	39.4
Other*	44.1	3.3	85.1	100.0	3.0	152.0
Israel	3.0	2.2	4.6	5.6	2.0	6.8
Total	134.2	3.0	246.0	282.0	2.5	400.0

Source: World Bank, *Economic Research Forum*, B6.

Note: * Turkey, Cyprus, Malta, Iran.

It was under this more global pressure and in the context of profound changes created in the Middle East and North Africa by the end of the cold war, the collapse of the Soviet Union and the war against Iraq in 1991 that European Union policy towards the southern Mediterranean had to be designed anew. In effect, European economic influence was such that both the Middle East and North Africa could no longer avoid the fact that, as with eastern Europe, the European Union was not only their major trade partner by far but would become increasingly important in their economic horizons for the foreseeable future. Europe is not only the dominant source of imports but also represents a major market for the southern Mediterranean region, whose influence extends beyond the Mediterranean littoral into the Persian Gulf.

This is particularly well demonstrated by the role of energy, for both the Middle East and North Africa are major energy suppliers to Europe. In 1995, the Middle East supplied 28 per cent of the European Union's crude requirements of 12.79 million barrels per day (b/d), whilst North Africa supplied a further 15.8 per cent. In addition, Algeria supplied 11.2 per cent