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BARCELONA TEN YEARS ON: THE STATE OF THE EURO-MEDITERRANEAN
PARTNERSHIP

ABSTRACT

Ten years after the Barcelona Summit, relations between Europe and the countries on the southern shores of the Mediterranean seem to be at an all-time low as declarations of intent give way to a cooperation deficit between the two shores of the Mediterranean. The terrorist attacks of 11 September, the failure of the Israeli-Palestinian Oslo Agreements and the enlargement of the European Union in the East have altered the course of Euro-Mediterranean relations. In order to curb this tendency and to put an end to the drift towards identity politics that affects large sections of public opinion in the Arab world, Europe must therefore become more actively engaged in the cooperation it has established with the countries on the southern side of the Mediterranean, as they are the natural partners of an Old Continent that appears to have turned its gaze to the East.

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THE STATE OF THE EUROMEDITERRANEAN PARTNERSHIP

Ten years after it convened, the Barcelona Euro-Mediterranean Conference seems a long way off. The situation in the Mediterranean has deteriorated to such a point that it is difficult to image the optimism that prevailed during the first big meeting of 1995. There is obviously no point in indulging in otherworldliness after the event. Even at that time, all the parties involved had strong ulterior motives. Europe, in particular, saw the new partnership it was offering Mediterranean Third Countries (MTC) as a continuation of its security policy and as a way of stabilising its Southern flank on a permanent basis. For their part, the MTC hoped to gain substantial economic and financial advantages from the new partnership.

What does the balance sheet look like today, ten years after Barcelona? Is Europe still ready to strengthen its links with the countries of the Mediterranean South, or does it now have other priorities? What, given the present context, is the foreseeable future for Euro-Mediterranean relations?

The Changing Regional and International Context

Although it was not exactly cheerful, the geopolitical landscape in which the Barcelona Euro-Mediterranean Conference met in 1995 had little in common with what it looks like today. Five years after the collapse of the Soviet Union and despite the first Gulf War, it was still possible to believe that the Mediterranean might enjoy some of the famous peace dividends.

Where Israeli-Palestinian relations were concerned, first of all, the Oslo Agreements certainly seemed to be progressing too slowly, but progress was being made and Israel's Prime Minister Yitzhak Rabin did not seem to be lacking in political will power. Despite everything that was left unsaid and despite the ambiguities of the process, the peace dynamic was not yet exhausted.

Second, although the United States was increasingly asserting itself to be the only great power on the planet, the Clinton Administration did not appear to have any warlike intentions (except in Iraq, where regular bombing campaigns ensured a low level of combat). More importantly, it had signalled its support for multilateralism as a means of regulating international relations by signing several international conventions (which were not ratified by the next Administration).

Although certain regimes, like that in Tunisia, were adopting an increasingly hard-line stance, it was still possible to hope that the strengthening of ties with Europe would expand zones of freedom to south of the Mediterranean.

The regional context has deteriorated constantly since 1995, and it is now one of the worst that the Mediterranean region has experienced for forty years.

The assassination of Yitzhak Rabin in Israel in November 1995 signalled the beginning of the descent into hell. When the Israel right took power for a lengthy period of time, the meagre gains made in Oslo were whittled away despite the controversial episode of

Ehud Barak's period in government, which was noteworthy for the Israeli withdrawal from South Lebanon and President William J. Clinton's desire to get both parties to sign an equitable peace agreement. Ariel Sharon subsequently reoccupied the autonomous Palestinian territories, adopted an unprecedented policy of settlement on a huge scale, and in doing so put an end to any prospect of peace. The situation had not been this tragic since Israel's conquest of the West Bank in 1967. Withdrawal from the Gaza Strip, planned for August 2005 and unilaterally decided by Ariel Sharon, seems unlikely to lead to any really new negotiations.

Elsewhere the attacks of 11 September 2001 have led to the emergence of terrorism on a wide scale; terrorism is now an actor in the international balance of power, and cannot be ignored. 11 September radically altered the international picture and completely destabilised the Middle East by giving the neo-conservatives the excuse they were looking for to redefine American foreign policy. We know what happened next: war in Afghanistan and Iraq, unconditional support for the Israeli right and all regimes that are supposedly fighting terrorism, and so on. For all South Mediterranean authoritarian regimes, 11 September was a huge windfall and they have exploited it.

The Israel-Palestinian conflict, the occupation of Iraq, radical Islam's responsibility for the expansion of terrorism on a planetary scale, and the worsening of the region's socio-economic problems have definitely accelerated the drift towards identity politics amongst large sections of the region's populations. A sort of Islamic-National-Populism now seems to be the dominant ideology in the Arab-Muslim Mediterranean.

Europe seems to have nothing to do with these developments. Excluded from the Israeli-Palestinian negotiations, which have been monopolised by Sharon and the Republican Administration, it has been unable to influence Washington's policy on Iraq, both because of its internal divisions and because of the disproportionate nature of the forces involved. Nor has it succeeded in influencing the handling of post-war developments. There is, finally, a danger that Europe will be further marginalised by Bush's 'Greater Middle East' policy, which was dreamed up in order to convert every State from the Atlantic to Pakistan to democracy and free trade under American leadership.

At the economic level, it is well known that the United States has for the moment a complete monopoly on the dividends of reconstruction in Iraq, and that it is manipulating its oil pawns throughout the region. Washington is also investing more in the Maghreb than it did before September 11. The two factors that underlie its policy –the struggle against terrorism, and secure and diversified access to the region's hydrocarbons—mean that relations between, for example, the United States and Algeria, have constantly been strengthened in recent years. The privatisation of Algeria's state hydrocarbon company (Sonatrach) has also whetted American appetites. Morocco, for its part, has not been overlooked: in 2004, it signed a free-trade policy with the United States. The Moroccan parliament ratified the treaty in 2005, despite strong opposition inside the country. Is this a black mark against Europe? Once again, the European Union (EU) seems unable to come up with any answer. It is true that it does have other priorities, being preoccupied with managing its enlargement to ten new countries since 1 May 2004.

Europe and the MTC since Barcelona

Can we say that both sides of the Mediterranean have been disappointed since the partnership was established? The balance sheet has in fact been found to be negative on all sides. The Southern States signed free-trade agreements that have not put an end to their economic problems and have not produced the expected spurt of growth. Europe is alarmed by the slow rate of change in the South. The civil societies of the MTC have enjoyed none of the partnership's dividends and now have even less room to manoeuvre, especially since 11 September 2001.

A Short Economic and Political Balance Sheet

The virtuous circle of accelerated development has not got underway. The North-South gap has not been narrowed and, worse still, no logic of convergence between North and South appears to be at work. On the contrary, according to the available figures, the disparity between per capita incomes appears to be increasing: it is predicted that between 1990 and 2010 the discrepancy will be 17% for the Maghreb and 24% for the Mashrek (excluding Israel). Average income, measured by purchasing power parity (PPP), did double between 1967 and 200, but average incomes in the South Mediterranean are no more than 30% of those in the North.

At the level of trade, there have been no structural changes since the Accords were signed, and they have not produced any dynamic of differentiation. Trade still concentrates on a few countries and a few products. North-South trade remains dangerously unbalanced, as the EU is by far the MTCs' main partner; broadly speaking, two thirds of their exports go to the EU and they buy two thirds of their imports from it. This still represents no more than some 5% of the Union's international trade. Similarly, only 2% of European exports go to the MTC.

At the 1995 Barcelona Summit, the EU committed itself to providing major financial packages to accelerate the process of North-South integration, but the commitment has not been fully honoured. The amount that was actually disbursed was less than promised. The amount allocated to the MTC did not exceed an annual per capita payment of € 5, as against an annual per capita € 15 to 20 for future member states. MEDA (Mediterranean Development Aid Programme) has, on the other hand, risen to €700 million per annum, or in other words some € 80 million per country.

Foreign direct investments (FDI), which were described at Barcelona as the cornerstone of the economic partnership, have not come up to expectations. The MTC has not become more attractive to European investors: for every FDI euro invested in the Maghreb, between five and ten euros were invested in the new European member states. It is, however, difficult to draw up a balance sheet for the free-trade agreements signed with most MTCs, as they have not been in force long enough for all their effects to be felt. Tunisia, where the agreements have been in force since 1998, is the only country where this might be possible. Tunisian statistics are, however, too opaque for any real balance sheet to be drawn up. According to information leaked from the Tunisian Central Bank, the index for industrial output appears to have fallen over the last three years. More generally and looking beyond

agreements with the EU, the dismantling of the Multifibre Agreement in January 2005 and unregulated Chinese competition represent a real disaster for the Mediterranean's export economies. This is especially true of countries like Tunisia and Morocco, which are major exporters of textiles to Europe. That several factory closures in Tunisia were reported as early as 2004 gives some idea of the weakness of the country's textile industry, and they have led to rising social tensions. At the political level and in terms of human rights, the partnership has resulted in little progress. The EU has not done much to ensure respect for the famous Article 2 of the agreements on civil liberties and democracy. It is rather as that the article's values made it a necessary point of reference to its value but, whereas conditionalities apply to economies and trade, compliance has not been made a conditionality for Europe's MTC partners.

Of course some human rights organisations have benefited from far from negligible European financial packages, and that has allowed them to keep their heads above water. Of course diplomats from some EU countries have regular meetings with representatives of civil society in the hope that they can pass messages on to their governments. But a few concessions aside, the latter are unlikely to respond to signs that are too timid to constitute actual pressure.

At this level, a distinction should be made between European policy and the policies of Member States, which usually prioritise bilateral interests. Jacques Chirac's visit to Tunis in December 2003 was a blatant illustration of how Europe speaks with a forked tongue, as is his unconditional support for Algerian's President Abdelaziz Bouteflika.

What Responsibilities?

The partnership outlined in Barcelona in fact contained the seeds of its own failure. Rather than laying the foundations for co-development, it was assumed that the economic partnership meant little more than a relative free trade that would favour European interests. Opening up trade with the MTC was no substitute for a development strategy because it was not a response to strong demands from the South and the disappointments have been as great as the hopes raised by the dynamic initiated in 1995.

Europe has to take responsibility for a number of things. Although it sponsored the European idea, it originally saw it as a security issue, even though there was no great demand for it in the South. It then trapped the economic partnership into a one-way interpretation of free trade by playing the exceptionality and reciprocity cards to suit its own interests. The 1995 agreements asserted that the principle of reciprocity must apply to customs dismantling in associate countries, but made an exception for agricultural produce.

The EU in fact refuses to bear the cost of a real partnership, as doing so would force it to confront—in particular—the social and political cost of regulating its own agricultural sector. That is why the economic partnership boils down, for signatories in the South, to financial support in exchange for a gradual supply shock. Even so, the financial packages on offer have not come up to expectations. The blame has to be placed on the cumbersomeness of European financial mechanisms. Given that the MTC are undeniably taking risks—including major fiscal losses—by opening their economies up to competition, the EU should play its part by supplying more finance and making it more readily available. It is obvious that it does not have the means to realise its stated ambitions.

The main problem is that the EU has not really made the Euro-Mediterranean

partnership a priority. Having rejected the Barcelona 'idea', it is not at the moment working towards the establishment of a Greater Mediterranean Region that might lead to the creation of the world's great economic zones.

The MTC also have to bear some responsibility. At the financial level, they have usually demonstrated a poor ability to absorb MEDA funding. That they are unattractive to DFI is largely due to the fact that their administrative practices are so opaque and that the logic of clientelism usually prevails over that of the rule of law. In countries such as Tunisia and Egypt, the logic of bureaucracy still frustrates the demands of the economy.

The main internal obstacle to development in the South is the fact that its societies, as well as its economies, function in non-competitive ways and that the second generation of structural reforms poses a direct threat to the many beneficiaries of the rentier system (including the beneficiaries of the tax systems, and the army in Algeria and Egypt). Resistance to reform is therefore all the greater and threatens the dynamic of a partnership that is already weak.

The fragmentation of the Mediterranean South, finally, and the blatant absence of any integrating dynamic are further obstacles to the construction of an economic partnership that is not structured solely around the economic and institutional constructs of the North.

The new neighbourhood policy and the role of MTC in Europe's regional architecture.

Given its poor balance sheet, and especially the new priorities it has set itself, Europe almost officially buried Barcelona in March 2003, when it confirmed the 'neighbourhood' concept. The MTC are now part of the broad 'neighbourhood' architecture constructed by the enlarged Europe.

In its March 2003 communication to the Council and European Parliament, the European Commission outlined a long-term strategic framework for relations with all Europe's neighbours, and it was not restricted to the Mediterranean. The enlarged Europe's neighbours make up a very heterogeneous ensemble: Russia, the newly independent States (NIS) born of the break up of the USSR, and the MTC. They have a total population of almost 400 million. Europe's new, and most important, neighbours are those that share a common European border with the EU, now enlarged to include twenty-five countries, and probably between twenty-seven and thirty countries by 2007. In this context, its two most important new neighbours are without doubt Russia and Ukraine.

Principles and modalities of the new European strategy

The enlarged EU has stated that it wishes to create a zone of prosperity and good neighbourliness with 'countries that do not currently have the perspective of membership', thanks to its theory of the four freedoms. It wishes to offer its neighbours 'the prospect of a stake in the EU's internal market and further integration and liberalisation to promote the free movement of persons, goods, services and capital.' The offer has been summed up by the formula 'everything but membership'.

In the chapter devoted to principles, explicit reference is made to concrete respect for the Universal Declaration of Human Rights, which is the basis of the famous 'shared values' on which the new partnership will be based.

The EU is aware that it has a duty to help to eliminate political instability, economic

vulnerability, poverty and social exclusion from its partner countries if it is to create this zone of shared prosperity. Two objectives have been identified as a way of achieving this: creating a zone of shared prosperity and values and subordinating the offer of preferential relations to progress on political and economic reform in partner countries.

Given the way the new partnership's modalities have been defined, Europe appears to be saying that its wish to create a shared space is not an obligation but a choice, and that that choice implies that both it and its partner countries have certain duties. A new perspective of integration in exchange for concrete political and economic progress: that is the 'give and take' deal its partners are being offered. They have to subscribe to obligations that are both greater and more constraining than those implied by free trade.

In concrete terms, the EU's neighbourhood policy will be based upon a differentiation between neighbours. Its commitment to individual countries will be gradual and subordinate to respect for the pre-established goals of reform. The EU will therefore engage only to the extent that third countries converge with community *acquis* in specific areas.

The main reference criteria for the progress expected of them are as follows:

- Adoption of shared rules and norms, or in other words alignment with European norms.
- Expansion of legal migrations if neighbours sign agreement on the readmission of illegal migrants; Morocco has already agreed to this in principle.
- Cooperation over the prevention of and fight against common threats to security.
- New instruments to promote and protect partner's FDI; in exchange, the EU undertakes to provide aid with integration into the world trade system.
- Promotion of human rights, cultural cooperation and development of civil societies as a factor in respect for basic freedoms.
- Further economic and technological integration with the EU.
- Further intra-Mediterranean integration. The MTC are strongly encouraged to sign mutual agreements in order to extend the Agadir agreement, which established links between Morocco, Tunisia, Egypt and Jordan in February 2004. The Maghreb is also urged to shake the Union of the Arab Maghreb out of its lethargy.

In order to facilitate this ambitious programme, the European Commission will look at the creation of a new neighbourhood financial instrument. What will it be? Probably not the famous Euro-Mediterranean Bank, which will not see the light of day, given the hostility of the major Treasuries. One possibility is an extension of the existing facilities offered by the European Investment Bank (EIB).

The place of the Southern Mediterranean within this architecture.

The insertion of the MTC into the wider concept of 'neighbourhood' does not mean that Europe has no specific vision of the links with the Arab world that must be developed. In a note from the Council and Commission dated 4 December 2003 on strengthening the partnership between the EU and the Arab world, Javier Solana, Chris Patten and Romano Prodi provide a clear summary of EU objectives in the region, which extends beyond the Arab Mediterranean world and includes Iraq and Iran, which are part of the 'Greater Middle East.

Strengthening links with the Arab-Persian world is clearly seen as essential, given the proximity of the two zones and the inevitably harmful effect on Europe of having on its doorstep a zone that is at once instable in geopolitical and economic terms and under-developed in social terms.

The note therefore states a very clear ambition: contributing to 'political, social and economic reform' in the Arab world. The ultimate goal is to promote 'prosperity, peace and stability' by converting it to a market democracy. Whilst the actual term is not used, its content is there: encouraging democratic reforms and development of the rule of law, together with strong incentives to liberalise trade and to open up frontiers corresponds to what Europe—like the USA—regards as the desirable future. The note does not forget Europe's immediate interests and stresses in passing that the MTC must agree to 'further liberalisation of agriculture and services'. This looks very much like the World Trade Organisation (WTO) 'Singapore package', which was rejected by the developing countries at Cancún in 2004; the Euro-Mediterranean agreements are obviously being used to smuggle it in through the back door.

Europe is pursuing two objectives here: keeping its foothold in a Middle East that has practically become a direct US protectorate, and winning over the Arab world by offering it a peaceful strategy to replace Washington's military strategy. This takes the form of a new stress on the essential need for a resolution of the Israeli-Palestinian conflict, a 'dialogue of civilisations', the fight against all forms of racism and the promotion of South-South relations. Whether Europeans will be able to fulfil these ambitions remains to be seen, given that the EU's new members appear to want to adopt the American approach to policy on the Middle East.

What is the likely fallout for the MTC?

As we can see, the 'neighbourhood' programme is ambitious, but it is not without its ambiguities. It seems to be designed with European neighbours in mind, rather than the MTC. In this statement of principles and modalities, the Mediterranean appears to be a zone of peripheral preoccupations for the enlarged Europe. The December 2003 note does not really contradict that impression to the extent that, even though the Euro-Mediterranean dialogue and the four freedoms are mentioned, it looks more like a document on geopolitical strategy than an expression of a desire for integration.

Europe is certainly committing itself in important areas: the four freedoms are far from negligible issues for third countries but, leaving aside the freedom of persons to circulate, Europe will be the prime beneficiary. No specific commitments over sensitive issues such as agriculture have been made in return.

Europe's new proposals must also be analysed in the context of its enlargement; for the moment, there is a danger that the MTC will be penalised by being evicted in favour of the new member states. Several of the new member states are also major agricultural countries and will make Europe even less open to agricultural imports. Investment, aid and a protected community market: these eviction-effects pose a serious threat to the economies of the MTC, which have yet to have made any significant gains from the free-trade agreements. There is, finally, also a danger that the preferential treatment of the new members will distort competition in external markets. And it is by no means certain that the new member states represent new markets for the MTC.

Whilst the EU is aware that it must be more involved in conflict-resolution and crisis-

management, it is difficult to see how that can happen, given that it has no common foreign policy. And everyone knows that the worsening of the Israeli-Palestinian conflict will block any meaningful developments in the Arab countries of the Mediterranean.

New relations must be based upon the famous ‘shared values’, which are themselves based upon respect for human rights and basic freedoms. For the moment, no MTC is ready to make a real effort to implement those values. A true economic and political partnership would remove the danger of a drift towards identity politics as a result of—amongst other things—differences in standards of living and American policy. What pressure is the EU prepared to bring to bear on its partners in this domain? We are entitled to ask this question, given the way the Chechen issue has been handled. We also have to ask how civil societies can be strengthened so as to force the MTC regimes to become more open. Whilst Europeans never miss an opportunity to state that the establishment of the rule of law is one of their main priorities, they have yet to demonstrate their willingness to impose truly democratic conditionalities on integration.

All these questions have to be examined in greater depth before we can say whether the exhaustion of the Barcelona process signals a new beginning for the Euro-Mediterranean partnership or the fact that it has become bogged down. The second hypothesis is less likely, as Europe still has to secure its South flank in order to protect its own security. But we do not know if it has the wherewithal to do so. In order to do that, two difficult preconditions must, it seems, be met: the EU must achieve political unity, which is becoming a more distant prospect given its enlargement, and the US must stop insisting on going it alone in the Middle East. We can all agree that it will be difficult to meet these preconditions.

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