# The Euro-Mediterranean Partnership Tries to Find its Second Wind

### **Olivier Morin**

-translated by David Macey-

The Euro-Mediterranean Partnership came into being ten years ago in Barcelona. With hindsight, we might conclude that it was born of a misunderstanding. On 28 November 1995, or just after the Oslo Accords had been signed, the Mediterranean's prospects seemed to be improving. There was talk of peace in the Middle East and all the Mediterranean countries wanted to set in stone the great principles of democracy, dialogue, peace, global politics and cultural rapprochement. This was 'Barcelona's hope'. And yet, European parliaments were slow to ratify the Barcelona process because the countries of Northern Europe were sceptical and preferred to concentrate on the enlargement of Europe. This very quickly sent out bad signals to their partners on the southern shores of the Mediterranean. From the outset, they had seen the Euro-Mediterranean Partnership (EMP) as a heaven-sent source of European financial aid,

and had unreasonably high expectations. The Barcelona process came close to being finally killed off in Marseille in 2000, when the countries of the southern Mediterranean threatened to put an end to the rhetorical farce because they were seeing so little hard cash.

The misunderstanding underlined the fact that the partners had different interests. Europe's objectives were readily identifiable: the Union could not be consolidated unless its southern frontiers could be secured because conflict in that region was fuelling the scourge of terrorism; if the economic uncoupling of the southern and eastern Mediterranean zones went too far, its economy would be dealt a fatal blow in what should be one of its natural markets; a democratic explosion in the Maghreb and the Mashreck would fuel illegal immigration, as growing numbers of increasingly young migrants would see the European Union as a land of milk and honey; the MEP would, finally, allow Europe to promotes its own political and ethical values (the rule of law, basic freedoms...). All this would help it to consolidate its autonomous identity, as distinct from what was seen as a 'Western', or in other words American, identity.

When it implemented its EMP, Europe seemed, however, to have little faith in its Mediterranean partners. All too often, the administration in Brussels regarded the Barcelona process as its own preserve. Although the Barcelona Declaration was signed by the foreign ministers, the Commission was firmly in charge of the project. It was the Commission that lay down the rules, which were often draconian, set the preconditions, many of them financial, set the agenda and ensured that it was implemented. To that extent, 'partnership' was not quite right the word. I am not

trying to criticise the European Commission, without which Barcelona would certainly have remained a dead letter. I am simply pointing out that it was copying methods and mechanisms that were inappropriate for a novel experiment in institutional politics. But they do say that bureaucratic weeds flourish when the political ground has not been properly prepared.

For their part, the Southern partners did not do enough to seize control of the Barcelona machinery. Being somewhat passive, they usually relied on Europe to solve their internal problems for them, believing that EMP-linked European funds would bring enough prosperity to allow the introduction of political and structural reforms. As Zyed Krichen, editor-in-chief of the independent Tunisian weekly *Réalités Magazine*, noted, it took the 'South-South' dialogue a long time to get out of neutral: 'Shared prosperity –which lies at the very heart of the Barcelona process—is the only answer to all the security problems. There is still a place for an integrated and prosperous Maghreb. Our friends in the North know that. The ball is definitely in our court.'

The international environment changed greatly after the Marseille conference. The attacks of 11 September 2001 were still on everyone's mind and were fuelling the war on terrorism, whilst Israel, Palestine and Iraq had become bogged down in wars. It was this insecurity that provided the context for the re-emergence of the EMP. It was as though it already had an answer to the crises that were looming in the region, and as though concerted, if faltering, long-term cooperation had brought off the improbable feat of getting the Mediterranean actors -Israel, Palestine, Greece,

Turkey, Algerian, Moroco Syria and, before long, Libya—to sit around the table for lengthy discussions. It was as though the EMP was the only viable and consensual answer to George W Bush's plan for a 'Greater Middle East' and to his belief that economic development and Western democracy would cast out the terrorist demons thanks to an improbably heterogeneous piece of gerrymandering stretching from Mauritania to Pakistan. Without, it has to be admitted, any great success.<sup>2</sup>

Almost ten years to the day after the Barcelona declaration was signed, all the partners met in The Hague. It was time to balance the books. Not everything was black and white. The EMP had certainly made it possible to make considerable progress in terms of cooperation, and its machinery –the Anna Lindh Foundation for Dialogue between Cultures, the Euro-Mediterranean Parliamentary Assembly, the Facility for Euro-Mediterranean Investment and Partnership (FEMIP), MEDA—had become more efficient. But a lot had still to be done to oil the rather complex wheels of the organisation in Brussels.

Whilst it is claimed on the Commission that the money is there, it is also often claimed that there are not enough viable projects for it to finance. The initial goal is to

<sup>1</sup> Zyed Krichen, 'Maghreb: la dernière chance?' *Réalités Magazine* (Tunis) 10 July 2003

<sup>&</sup>lt;sup>2</sup> On Saturday 11 December 2004, the G8 Foreign Ministers gathered in Rabat to meet their counterparts from the 22 countries in North Africa and the 'greater' Middle East in a 'Forum for the Future'. This American initiative was not met with any enthusiasm and the few economic recommendations that were made had very little to do with the initial 'Greater Middle East' project. It was only on the eve of the Forum that French foreign Minister Michel Banier found a conveniently empty slot in his diary. King Mohammed VI of Morocco, whose country was, together with the United states, organised the event was on holiday in a tourist complex in Saint-Dominique throughout the proceedings... cf Jean-Pierre Tuquoi, 'Le Maroc accueille une première réunion du "Forum de l'avenir" du monde arabe', *Le Monde* 11 December

create a Euro-Mediterranean free trade zone by 2010. Things definitely improved after the failure of Europe's MEDA 1 aid programmes. The EMP experiment allowed ambitious objectives to be adapted to the concrete realities. In this context, will the new neighbourhood policy proposed by the Union now that it has been expanded to twenty-five countries provide the new impetus that could give the EMP a second wind? Northing could be less certain.

Ambitious objectives, difficult implementation

The Barcelona declaration is the Euro-Mediterranean Partnership's founding document, and it was signed by the European Union's member states and their ten partners from the Southern and Eastern Mediterranean. Its stated purpose is to build a zone of peace, prosperity and shared stability. That desire finds expression in three major objectives relating to the three aspects of its actions: peace and stability, economic development, and cultural rapprochement.

It is its 'holistic' philosophy that makes the EMP so distinctive: it is a contract of a political nature that defines very different goals and it covers an area that is coherent but quite enormous. It is multifunctional; that is a measure of its ambition and, of course, of its ambiguities at the level of organisation and implementation. There is, to date, no foreign policy equivalent to the Barcelona 'triad' and it does not fit into any pre-existing institutional framework. Both Brussels and the Union's member states regularly restate the EMP's ambitions; could this be because its achievements seem, so far, not to have lived up to its promise?

It might be argued that that each of the partners must implement the reforms wanted by the Union before a free-trade zone can be created; it can certainly be pointed out that the extreme diversity of the cooperative sectors covered by Barcelona's three 'aspects' fall within the remit of different, and often competing, departments of the machinery of European government. The whole of European politics is in fact based upon a subtle balance between the Council, the Commission and Parliament, with each actor striving to increase or protect its prerogatives from the other two.

The Commission plays a central role in the workings of the EMP, and that is not surprising given that we are within the domain of foreign economic policy, particularly as, and particularly as the second aspect of the Barcelona Declaration is by far the dominant element in Euro-Mediterranean practice. The content of the first and third aspects, in contrast, is essentially a matter for intergovernmental action, which does nothing to make things easier. Leaving aside the handicap of the rotating presidency, the reason why the Commission is so dominant is that both the states of the Union and some southern partners were to some extent irresponsible; there was poor preparation on the part of member states, and inadequate training, inconsistent administrative and political follow through, and, lack of inter-state consultation on the part of their partners. When national agendas do include Mediterranean priorities from time to time, States come to the fore. These diplomatic 'spasms' occur because the old colonial powers are not yet ready see their privileged ties being dissolved into a broader relationship dominated by the Commission. Most economic ties are, moreover, based upon bilateral cooperation. For its part, the European Parliament

simply expresses voices opinions, cannot enforce compliance and acts as a political watchdog. With the exception of a few reports and mobilising issues such as human rights, almost nothing is referred back to the Commission.<sup>3</sup>

All these frictions mean that the EMP is often the object of numerous criticisms, and they are all the stronger in that expectations are so high. Whenever its relaunch is mentioned, the same criticisms are made. Although its neo-liberal inspiration does attract criticism, it is mainly its institutional organisation –if not its bureaucratic tendencies and structural complexity, which is said to be like that of some kind of 'gas works'- that is criticised, especially by its southern partners, who do not find it easy to understand. Barcelona inherited, finally, Europe's chronic transparency deficit and a lack of South-South dialogue. The EMP has in fact been in existence for ten years, and Brussels has had time to test its potential and to identify the various obstacles to progress. It is not a space that is devoid of meaning and method. The most relevant example is its main source of finance: the MEDA programmes.

### A Definite Improvement to Financial Structures

In June 1995, the Cannes European council outlined to its partners a cooperation programme 1995 for achieving the Barcelona objectives. Its main financial provisions were the MEDA I programme, which was financed to the tune of 3.5 billion euros over the period 1995-1999.

<sup>3</sup> Dorothée Schmidt, 'Les Institutions européennes dans le fonctionnement du PEM: de la repartition des competences à la gestion du quotidien,' IFRI, no 36, October

2004

Unfortunately, national European parliaments were so slow to ratify EMP that they sent negative signals to the countries of the South –and the slowness of the Brussels bureaucracy soon confirmed their fears for the future. No fewer than 28 different bonds had to be issued to finance a MEDA project effectively. Not to mention the 'human, social and cultural' aspect (1.23% of the total), which was simply frozen because the Commission believed that it had no way of knowing how effective it was.

The balance sheet was very negative: only 28.6% of the funds committed were actually spent over this period. The reasons for this fiasco were essentially bound up with European invitations to tender and the fact that partners in the Maghreb, the Mashreck and the Middle East usually never heard of them. When a project was eligible in administrative terms, a long administrative process was set in motion. It was a real assault course: long technical pre-appraisals and nitpicking enquiries by a jury of experts who evaluated the projects on paper without meeting the actors and without any lobbying, etc. It could take up to six years for the money to be released, which was more to discourage Morocco or Jordan from taking the slightest initiative! At the time, the Fondation Robert Schuman's François Vuillemin noted that the European Union must 'stop looking to its interlocutors like an economic and political fortress which is only interested in guaranteeing its own security in the face of a south that is being undermined by Islamic fundamentalism and collusion with certain rogue States.'4

Well aware that the MEDA 1 programme had gone off course, the Euro-Mediterranean Ministerial Conference held in Marseille in November 2000 launched the MEDA 2 programme. This new cooperative programme had a budget of 4.35 billion euros (2000-2006) and those funds were at last topped up with loans from the European Investment Bank (EIB) so as to add a new dynamism to the economic fabric of the countries of the South, and especially to SMEs and SMIs, and to finance regional South/South programmes (an additional 10 billion euros over four years).<sup>5</sup>

Things have improved considerably since then. All annual sums ear-marked for countries in the Mediterranean basin are now disbursed within the fiscal year. The same is true of payments made in those markets, with 100% of annual credits disbursed. The commitment/ pay out ratio rose from 28.65% for the period 1995-199 to 66% for the period 2000 and 2003, and to 90% in 2002 and 2003.

This explanation for the improvement is, in part, that MEDA credits are now managed at a local level, but mainly that a Facility for Euro-Mediterranean Investment and Partnership (FEMIP) was established in 2002. This is a subsidiary of the EIB and it has found a way to put its house in order by at last including its Mediterranean partners in the decision-making process. The opening of decentralised offices in partner countries such as Egypt, Morocco and Tunisia is testimony to its readiness to get to close grips with things in order to facilitate the implementation of projects. This establishes much more effective links between partners' demands, European administrative machinery, finance, verifying that funds have been allocated, and concrete achievements. Priority is now given to private investments, building

<sup>&</sup>lt;sup>4</sup> François Vuillemin, 'Le Dialogue euro-méditerranéen: constat et perspectives d'une politique inachevée', *Synthèse*, 41, Fondation Robert Schuman.

<sup>&</sup>lt;sup>5</sup> Illian Gambert, 'Coopération euro-méditerranéenne: des milliards bien gardés', *Objectif Méditeranée* 57, September-October 2003.

infrastructures and to local and regional projects developed within the framework of 'South-South' cooperation, and to investing in human capital.

In May 2004, the EMP's main financial backers (the EIB, the Commission and the World Bank) agreed to make a combined effort to coordinate their activities more effectively so as to allow a more targeted and complementary approach to both programme implementation, planning aid and overall policies.

This reorganisation of the financial levers was essential, but it also underlines the fact that Europe remains the EMP's only source of finance, and this gives it the power to make decisions and to verify procedures. In terms of impetus and decision-making, it is in fact Brussels that decides what happens in the Barcelona process. The EMP cannot really achieve its objectives unless Europe involves its partners much more closely in the decision-making process. Regional cooperation is, for example, is now in a sorry state. Although it accounts for only 10% of all MEDA programmes, it has a powerful integrating effect. Programmes relating to energy, transport, industry, and information and communications technology have, however, been launched without any consultation.

Neighbourhood Policy, the EMPs' second wind

Whilst its partners in the south have a duty to reform their economies so as to liberalise them, and to reform their systems of governance so as to democratise them –notably by fighting corruption– the European Union must, for its part ensure that the partnership agreements are fully implemented. EPM objectives must be pursued on

both sides of the Mediterranean. On 11 March 2003, the European Commission therefore published a communiqué on its new 'neighbourhood policy for an expanded Europe.'

Drawing on the lessons and experience of the Barcelona process, this new policy commits the Union's member countries to a more ambitious redefinition of their relations with their immediate neighbours in the East and South of Europe. A closer association between the Union and its members must be promoted at every level of European policy, and especially at that of the advantages of a common internal market, including the four freedoms: free circulation of people, goods, services and capital. This is a sort of political integration with no political element (and therefore no right to vote) or financial involvement. One naturally thinks of the proposals that might be made to Turkey, should the negotiations over joining Europe end in failure ...

This new foreign policy includes opening up European projects such as cross-border cooperation, research, education, culture and media. Thanks to a sort of 'give and take', neighbouring countries commit themselves to making concrete and verifiable progress in terms of respect for shared values –and especially political and economic reforms – by basing them on the lessons that the community has learned.

The neighbourhood policy is more contract-based because it is in fact the Union's response to the worries expressed by its neighbours when it was enlarged to twenty-five countries. At the same time, its enlargement was doomed to failure if its immediate neighbours did not enjoy the benefits of peace, well being, security and

stability too. 'History will not wait, and enlargement must not create new divisions', stated European Commissioner Verheugen on an official visit to Morocco on 4

February 2002. He then added: 'The neighbourhood policy is not a one-size-fits-all policy.' In saying that, he meant that it is based upon two principles: joint ownership, which implies a policy jointly defined with all the countries involved, and differentiation, which take full account of the specific situation of each member of this 'circle of friends.' Moldova, Ukraine, Morocco, Tunisia, Jordan, Israel and the Palestinian Authority were the first signatories.

# A Successful Partnership

Now that it is part of this new neighbourhood policy, the Barcelona process can pride itself on having reached partnership agreements with all the countries bordering the Mare Nostrum in a turbulent international situation. Even Syria and Libya, which were once regarded as 'pariah' or 'rogue' states have become part of the Euro-Mediterranean. <sup>6</sup>

Basically, the EMP is back in fashion. There is such a close link between its rediscovery and America's war against terrorism that it has become the Arab-European answer to Bush's 'Greater Middle East' plan. It is as though the tragic effects of 11 September had the effect of taking us back in time and demonstrating that Barcelona was not a knee-jerk reaction to an acute crisis, but an attempt to deal calmly with factors that could cause a crisis in the long term. The partnership successfully predicted what was about to happen, and can now create the

preconditions for a real North-South dialogue. Political instability, the rise to power of fundamentalisms, under-development and poverty, the so-called 'clash of civilisations', and the demographic imbalance that results in uncontrolled migratory phenomena: all these themes were already mentioned in the Barcelona Declaration. <sup>7</sup>

One of its greatest successes was the signature, in Agadir on 25 February 2004, of the first South-South free trade agreement. As the initiative came from Morocco, Tunisia. Egypt and Jordan, this is a very important step; it unites countries in the Maghreb and the Mashreck and creates a new marker of more than one hundred million people. The fact that the signatories are those partners who have gone furthest with the partnership process is no coincidence, and Europe has agreed to give the agreement its financial and technical backing (4 million euros in the framework of the MEDA programme<sup>8</sup>). This is the first concrete step towards the construction of the future Euro-Mediterranean free trade zone in 2010. It was taken by and on behalf of the countries of the South themselves.

The unprecedented Franco-Algerian rapprochement of the last two years is another positive sign: it should lead to the signing of a friendship treaty before the end of 2005, and it will be as important as Elysée treaty of 1963, which has bound France and Germany together for so long. This reconciliation augurs well for the Barcelona

<sup>6</sup> Syria has just signed a partnership agreement and Libya, which still has observer status, has officially undertaken tot join the EMP before the end of 2005.

<sup>&</sup>lt;sup>7</sup> See the 'note de synthe se' I wrote while holding a fellowship at the Institut d'etudes de sécurite de l'union europpenne: 'Le PEM: optimiser l'existant' (10 November 2004).

<sup>&</sup>lt;sup>8</sup> Financial support is required to fund the technical advice programme, a pool of experts and a future permanent secretariat.

process because the ties that unite the two countries point towards the emergence of a Franco-Algerian locomotive for the zone.<sup>9</sup>

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All these indices are promising and are testimony to its southern partners' desire and need for Europe. Meeting these expectations is vitally important, especially now that the situation is once more so favourable. If they are to be met the EMP must find its second wind and equal the energy expended by Europe during its enlargement.

There are several ways of shifting into a higher gear, and the first must be a political translation of the Barcelona process. A major diplomatic initiative is required if Europe is to be able to use the EMP to put an end to the conflicts that are poisoning the region (Palestine, Cyprus, the Western Sahara and even Iraq). If it can do so, the Union will finally emerge as a determined mediator, which presupposes an improvement in relations with the United States.

At the same time, it must negotiate a Euro-Mediterranean treaty that can establish permanent institutions run by a Council of Ministers. Decisions taken on a qualified majority basis and implemented by a general secretariat would allow the long-term implementation of the EMP's three aspects. <sup>10</sup>

<sup>&</sup>lt;sup>9</sup> Illian Gambert, 'France-Algérie: les plaies presque cicatrisées'. *Objectif M'editerranée* 63, September-October 2004.

<sup>&</sup>lt;sup>10</sup> See the proposals put forward by former Foreign Minister Hervé de Charette in 'L'Avenir de l'europe est en Méditerranée', *Le Figaro* 7 December 2004

The idea of greater involvement of third-party Mediterranean countries in both the decision-making process and drawing up the EMP agenda is vital to its future. As we come closer to the 2010 objective of a free trade zone, the conflict of interests will worsen and resolving it will require a high degree of cooperation and a culture of joint negotiations. Whilst the new neighbourhood policy gives partners economic advantages in exchange for greater concrete efforts to introduce reforms, it does nothing to alter the bilateral negotiations method and there is no overall plan. A biannual conference of foreign ministers is obviously not enough. The EMP needs permanent political and economic institutions. In order to create them, the member states of the Union must accept the Commission's proposal to establish a real Euro-Mediterranean bank. The beneficiaries must have seats on the Board and the right to vote. 11

The Barcelona process also suffers from a lack of visibility. What looked like an advantage in periods of crisis when informal procedures helped to maintain contacts between the protagonists is no longer an advantage. The political use partner governments make of those procedures to influence their populations is a double-edged sword and the process requires popular support on both sides of the Mediterranean: one side must demonstrate its desire for Europe, and go along with or even speed up this Euro-Mediterranean rapprochement; the other must demonstrate that this rapprochement is to its advantage, despite its cultural fears.

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<sup>&</sup>lt;sup>11</sup> On 15 October 2003, the European Commission recommended the establishment of a Euro-Mediterranean Bank to the European Council of Heads of State in Naples. It would bring together all EIB operations in the southern Mediterranean, including those of FEMIP. The Commission, member states, and Mediterranean partners would

We need to strengthen the Euro-Mediterranean dialogue, but we cannot do so unless we go back to the spirit of Barcelona and, above all, establish a relationship based upon trust and not distrust. A new round of palinodes would deal a fatal blow to the future of the region and an even more fatal blow to the future of the European Union.

be members of the subsidiary, which would encourage the Southern countries to adopt the Union;s cooperative mechanisms.

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