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The Euro-Med Partnership and Sub Regionalism: A Case of Region Building?

by

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Abstract

Stephen Calleya focuses on sub-regionalism as a tool of region building within the EMP. This paper's main concern is the question of whether, in view of the present EMP difficulties, subdividing the southern Mediterranean into various sub-regions (such as the Maghreb and the Mashreq) may be an efficient tool of region building. By taking account of regional relations among southern Mediterranean states and sub-regional initiatives, Calleya discusses several options and conditions under which sub-regionalism within the EMP could contribute to Euro-Mediterranean region building. Calleya argues that if the EU is serious about having a significant positive impact on regional integration in the Mediterranean in the short term, it is necessary to develop an adequate strategy for supporting more directly all regional sub-groupings in the southern Mediterranean.

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**THE EURO-MED PARTNERSHIP AND
SUB REGIONALISM
A CASE OF REGION BUILDING?**

The Convergence of Civilizations? Constructing a Mediterranean Region

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This paper is an adaptation of a Report prepared in collaboration with the EuroMeSCo Working Group on Sub Regional Co-operation in 2001-2003^{*1} and also includes excerpts from the forthcoming publication **Evaluating Euro-Mediterranean Relations**, Frank Cass Publications (2003).

Sub Regional Co-operation within the Euro-Mediterranean Partnership

INTRODUCTION

The latter part of the twentieth century has seen a resurgence of regional dynamics in international relations. The process of decolonization, coupled with the end of the Cold War, has created an environment that is conducive to an increase in regional patterns of interaction. As a result, regionalism is again becoming a major characteristic of the international system.^{*2}

The growth of regional arrangements since the end of the Cold War is partly due to the fact that great powers and regional powers welcome the opportunity to participate in collective security and cooperative frameworks in which the costs of foreign policy actions are shared among several actors. Although common historical, cultural and linguistic backgrounds and a common civic culture continue to influence regional constellations, the post-Cold War era has seen an increase in the impact of geo-economic and geo-political factors on the foreign policy direction that countries decide to adopt.

One can, for example, draw parallels between the systemic changes taking place between the Caribbean and Central America and the North American Free Trade Area (NAFTA) that embraces the United States, Canada and Mexico, and those impelled by the relations of the Mediterranean countries with the European Union.

The collapse of the Soviet Union and the American policy of selective foreign engagement have allowed the European Union (EU) to gradually emerge as an alternative patron in global affairs. The EU enlargement process towards Central and Eastern Europe and the Mediterranean, the Euro-Mediterranean process, the EU-ASEAN summits and the Euro-Latin American Forum are evidence of the increasing ability of the EU to project economic power and establish a political presence at the

international level. The evolution of the EU's common foreign and security policy (CFSP) and its more direct involvement in regional affairs, such as its key role in the reconstruction of the Balkans, are initial steps that could lead to an upgrade in the EU's status as a global actor. Such a development would allow the EU to wield more influence in the affairs of various regions.

In emphasising the significance of international regions as an intermediate level of analysis between the nation-state and the global international system, this research paper seeks to assist in identifying the changes taking place in Euro-Mediterranean international relations at the start of the twenty-first century and the potential for future cooperation in the Mediterranean basin.

Are the obstacles blocking regionalism across the Mediterranean insurmountable? What can be done to trigger sub regional cooperation? What time-frames should be adopted to carry out the necessary political changes to cope with regional demands? Should there be a more concerted effort to institutionalise regional relations? This is probably an essential measure if regional working programmes are to be implemented in the foreseeable future.

The theme of regionalism lends coherence to the history of contemporary international relations, since it draws our attention to a specific pattern of interaction and oscillation between actors in the international system. Since the end of the Cold War, regionalism has been carried forward by the most powerful states as a means of promoting their own interests. Governments have recognised that regionalism is an effective political tool that can assist in the management of domestic and external pressures.*3

REGIONAL DYNAMICS IN THE MEDITERRANEAN AREA

It has become a truism that the new global economy is drawing states ever closer together. Yet growing interdependence has not affected all parts of the globe to the same extent. Some regions have become much more interdependent in political and economic terms than others. For example, while countries across Europe are constantly increasing the intensity of political and economic interaction between them, the countries just south of the European continent in the Mediterranean have not succeeded in fostering similar patterns of interaction.

The removal of Cold War shackles over the last decade has resulted in a situation in which the countries of the Mediterranean are finding it more difficult to compete globally. Unless Mediterranean states begin a process of sub-regionalisation and regionalisation and develop a more borderless area of cooperation, they face the stark danger of falling further behind in the post-Cold War international system that is emerging.

In the last ten years, numerous initiatives have been put forward to stimulate the concept of regionalism across the Mediterranean. The most prominent of these are the 5+5 initiative that brought together five southern European states together with their Maghreb counterparts, the Mediterranean Forum initiated by Egypt, the Maltese proposal to create a Council of the Mediterranean, and the Italian-Spanish proposal to launch a Conference for Security and Cooperation in the Mediterranean (CSCM). Other regional initiatives include the initiative to create an Arab Maghreb Union (AMU) which was created in 1989, and the European Union led Euro-Mediterranean Partnership (EMP), which was launched in 1995.^{*4}

Efforts to reactivate sub regional co-operative initiatives in recent years have helped to improve regional relations across the Mediterranean. The lack of co-ordination between the different regional groupings and the heterogeneous nature of the grouping's membership have however not triggered any specific attention to the goal of building a Mediterranean region.

The West Mediterranean Forum: the 5+5 Talks

This initiative was launched by the French in 1990 and is composed of five Southern European countries – France, Italy, Malta, Portugal and Spain – and the five Arab Maghreb Union countries – Algeria, Libya, Mauritania, Morocco and Tunisia. The intention of this sub-regional initiative was to create a security forum in the Mediterranean based on a flexible structure of dialogue, consultation and cooperation. Ministerial meetings were to be held once a year and working groups were set up to tackle issues of concern, such as desertification, migration flows and the preservation of cultural heritage.

A year later, a ministerial meeting was held in Algiers. It discussed the creation of a Mediterranean data bank as well as other issues, including a Mediterranean financial bank and a programme for science and technology. Parallel to this approach, the European side of the Forum also placed great emphasis on an economic programme, with the intention of encouraging a more efficient spread of resources.*⁵ Unfortunately, however, military issues were completely absent from the discussion, and interaction at the political and social level was extremely limited. The third ministerial meeting, which was scheduled to take place in Tunisia, never materialised.

One could argue that the main reason behind the failure of this initiative was that it was an attempt to place two completely different sub-groupings on the same level. After all, the European side consisted of states engaged in a process of intergovernmental integration, while the Maghreb was (and is) still very much fragmented. Transnational and political interaction was also not encouraged due to issues such as the introduction of the requirement that Maghreb citizens entering the European Union be in possession of visas and the clampdown on Arab political exiles throughout the European Union. The hijacking of an Air France aircraft in Algeria at the end of 1994 also resulted in the halting of air traffic between Algeria and both France and Spain. Finally the countries of Southern Europe did not possess the means to address the challenges of the entire Maghreb. A major constraint of the 5+5 Forum was that it did not succeed in attracting the attention of the rest of the European Union. A Forum that could count on the support of all the member states of the

European Union might have been better able to mobilise the political and economic resources necessary to start combating the problems of the western sector of the Mediterranean.

However, some positive lessons can be derived from the 5+5 initiative. First of all, it has increased a sense of urgency to develop a preventive security arrangement. Secondly, it has also stimulated an informal exchange of views which has been a first step in consensus-building. The fact that the 5+5 group also established a number of working groups to tackle areas of concern such as multilateral financial institutions, food sufficiency and desertification, communities and migration, cultural dialogue, transport and communications, environment, foreign debt, and technological development and scientific research, also demonstrates this sub-regional forum's ability to address a wide-ranging strategic agenda despite differences in foreign policy positions.*⁶

The recent re-launching of the 5+5 initiative by Portugal in January 2001 offers the western sector of the Mediterranean an opportunity to try and find a common ground upon which transnational security issues can be addressed in a concerted manner. Recent 5+5 meetings in Tripoli at the start of 2002 and again in Tunisia on the issue of immigration in October 2002 indicate that the 5+5 initiative may be set to experience a new lease on life after a decade in diplomatic limbo. Given this positive turn of events, the European Union must urgently consider supporting more directly the 5+5 sub-regional forum in a manner similar to its pledge of support for the Agadir Process.

The Mediterranean Forum

The Mediterranean Forum was launched in 1994 at the initiative of Egypt and France. The Forum was created as an instrument for co-operation and it was intended to be flexible in its approach and all encompassing. The Mediterranean Forum brings together eleven states: Algeria, Egypt, France, Greece, Italy, Malta, Morocco, Portugal, Spain, Tunisia, and Turkey. It was agreed that future membership of the Forum was to be decided on a consensus basis.

Initially, working groups were created on political, economic, social and cultural themes. The first Forum convened at ministerial level in Alexandria in July 1994, and foreign ministerial meetings have been held every year, as follows: St. Maxime, France in April 1995; an extraordinary meeting in Tabarka, Tunisia, in July 1995; Ravello, Italy, in May 1996; Algeria, in July 1997; Palma de Mallorca in April 1998; Malta in March 1999; Funchal, Portugal in March 2000; Tangier, Morocco, in May 2001; an extraordinary meeting in Agadir, Morocco in October 2001; and, most recently, in Delos, Greece in May 2002. The extraordinary session in Agadir in 2001 took stock of the consequences of the terror attacks of September 11 2001, and the next meeting is scheduled to take place in Turkey in the second half of 2003. Besides ministerial meetings, the members of the Forum also meet at a senior official level.^{*7}

The fact that the Mediterranean Forum meets in an informal manner has allowed the member states to deliberate upon various issues at length. In fact, in recent years, the Mediterranean Forum has emerged as a type of think-tank that provides the Euro-Mediterranean Partnership with fully elaborated policy proposals.

The main weakness of this sub-regional grouping is that it lacks the institutional framework to ensure continuity in proceedings – there is no secretariat, and the Forum is thus dependent on the rotating presidency to ensure implementation of any decisions. The Forum also lacks a financial mechanism that would ensure implementation of any projects that are agreed upon. In an effort to become more flexible as a discussion group, the Mediterranean Forum decided, during the Portuguese presidency in 2000, to halt the working group proceedings and instead to mandate senior officials to focus on important issues as they emerged. This more flexible approach already started to pay dividends at the May 2002 Delos meeting, when the Mediterranean Forum agreed on a Code of Conduct in combating terrorism.

The Council of the Mediterranean (CM)

The Council of the Mediterranean (CM) was initiated by Malta at a symposium held in Tunisia in November 1992. Guido de Marco, then Malta's Minister of Foreign Affairs, proposed a forum that could follow the Council of Europe model. The participants in such a forum would include the European Union, the Arab Maghreb

Union and the Arab League. The criteria for membership were to be: adherence to the principles of the UN Charter, respect for the dignity of the human person and the rule of law, and respect for the establishment and development of representative institutions.*8

The structure of the CM was to consist of a Committee of Ministers and a General Assembly with consultative powers, where the idea was for Member States to form a Parliamentary Assembly of the Mediterranean. The work of this Parliamentary Assembly would be supported by a secretariat which would coordinate the Council's activities in the political, economic, social, environmental and cultural sectors.

There was a mixed reaction to this proposal, since several southern European states still viewed the establishment of a Conference on Security and Cooperation in the Mediterranean as a priority over the creation of a Council of the Mediterranean.

Such a Council has the advantage of being able to tackle issues of both a cooperative and a conflictual nature. At the same time, however, such a forum would have to work at developing mechanisms to nurture a Mediterranean identity, which is currently lacking. For the Council to work, it would first have to concentrate on less sensitive matters, such as environment. In this connection, the 1976 Barcelona Convention for the Protection of the Mediterranean Sea provides an instructive precedent. But when such measures imbued the network with some measure of confidence and trust, the Council could then address more sensitive areas of intergovernmental and transnational economic and military cooperation.

The CM could also contribute to establishing networks linking professionals in the Maghreb with European counterparts, which could in turn motivate them to participate in the development of their countries. The introduction of the CM would also equip the United Nations, under article 53 of the UN Charter, with a regional arrangement to enforce action under its authority. In this respect, the CM would then be able to assume missions such as conflict prevention, peace-keeping, peace-making, peace-enforcing, and peace-building throughout the Mediterranean. These, in turn, could aid the CM in achieving some of its objectives: disarmament, repatriating refugees, monitoring elections and advancing efforts to promote human rights. At the

very least, a CM could help the Mediterranean area avoid degenerating into an even more conflict-prone region.

The Conference on Security and Cooperation in the Mediterranean (CSCM)

The Conference on Security and Cooperation in the Mediterranean finds its roots in the declaration of Italian Foreign Minister Gianni de Michelis at the Paris ministerial meeting of the Euro-Arab dialogue in December 1989, and that of the Spanish Foreign Minister Francisco Fernandez Ordonez in his presentation at the Ottawa Open Skies Conference in February 1990. However, the project was officially launched at the CSCM's Palma de Majorca meeting in September 1990.^{*9}

In essence, the proponents of the CSCM advocated a debate on security issues. The arguments in favour of such a mechanism were threefold. First of all, it was stressed that Europe could not neglect its southern flank, the source of its own roots and identity. Secondly, it was argued that Europe could not be secure as long as the Mediterranean remained insecure. The third point, which was largely the result of Iraq's invasion of Kuwait in 1990, emphasised the urgent need for a crisis prevention mechanism in the Mediterranean.

The intention was that the CSCM would establish a Mediterranean international society by promoting and managing interdependence between Western Europe and the Middle East. These objectives were to be reached through a Mediterranean Act, which consisted of a security basket based on the Helsinki CSCE dialogue, an economic basket for a more balanced economic development in the Mediterranean, and a human dimension basket, which would be based on the conciliation of different value-systems in the Mediterranean.

Thus, far, the CSCM remains only a proposal. The lack of consensus at the Palma meeting resulted in a non-binding report, which declared that a meeting outside the CSCE process could discuss a set of generally-accepted rules and principles for the Mediterranean. Since then, the popularity of the CSCM model has waned. France, in particular, but also Morocco and Algeria, advocated that the widening of Mediterranean co-operation was something premature. As was the case with the 5+5

initiative, it may be argued that the main reason why the CSCM did not take off was because it attempted to place two very different international regions on the same footing and attempted to institutionalise them in one single framework. The CSCM proposal failed to realise that interaction between Europe and the Mediterranean is still too weak for it to be institutionalised. In this light, it can be described as a premature initiative.

In June 1992 another CSCM-type meeting took place at the Malaga Conference organised by the Inter-Parliamentary Union. Only parliamentarians from riparian Mediterranean states were entitled to the status of full participants. As a result, countries like Portugal, the United States, Russia and Britain were excluded. The conference adopted by consensus a final document, which was divided into three pillars. The first tackled security issues and suggested the elaboration of a charter for trans-Mediterranean relations. The second focused on the goals of co-development and partnership, including the promotion of food production, debt rescheduling, environmental security and migratory movements of refugees. The third pillar focused on human rights, based on the CSCE model.

The Malaga document also had a preamble which proved to be the most difficult part to negotiate. This stated that although the conference was not mandated to provide solutions for specific conflicts in the area, its purpose was to “launch a pragmatic process of cooperation which will gradually increase in strength and coverage, generate a positive and irrepressible momentum, and facilitate the settlement of outstanding conflicts.”

The Euro-Mediterranean Partnership

The EMP is certainly the most important regional process that currently exists in the Mediterranean, as it brings together all of the European Union member states and twelve Mediterranean countries: Morocco, Algeria, Tunisia, Egypt, Jordan, Israel, Syria, Lebanon, the Palestinian Authority, Turkey, Cyprus, and Malta.

In addition to strengthening north-south relations, the EMP also has as a high priority the nurturing of closer south-south relations than have hitherto been evident. Specific

efforts are being made to assist Mediterranean countries to become more aware of the opportunities that exist in their neighbouring states and to offer the Mediterranean countries involved in the EMP incentive packages to pursue trans-Mediterranean ventures. Given that most EU external assistance has been dedicated to Central and Eastern Europe since the early 1990s, the EMP can best be viewed as an EU attempt to extend its outreach programme southward in an effort to spur cooperative relations in the Mediterranean area.^{*10}

The four sub-regions encompassing the Mediterranean are southern Europe, the Balkans, the Maghreb, and the Mashreq. Although the EMP has been functioning for more than seven years, each of the sub-regions of the Mediterranean continues to follow a different evolutionary pattern and there is little to indicate that any of them will integrate with their counterparts across the Mediterranean any time soon. Relations across Southern Europe are largely cooperative dominant, with this group of countries increasing their intergovernmental and transnational ties with the rest of Europe on a continuous basis. In contrast, conflictual relations have consistently hindered closer cooperation between countries in the Balkans, the Maghreb and the Mashreq. Relations in these three sub-regions of the Mediterranean remain largely confined to the intergovernmental level, with cross-border types of interaction across the southern shores of the Mediterranean limited to the energy sector and Islam.

The failure of the Euro-Mediterranean Partnership to register significant advances since the founding conference in Barcelona in November 1995 is forcing Euro-Mediterranean strategists to reconsider what policy mechanisms might be introduced to stimulate progress toward the achievement of the objectives laid out in the Barcelona Declaration. These mechanisms include greater attention to specific sub-regional trends that are currently manifesting themselves around the Mediterranean, and greater attention to the domestic prerequisites of transnational cooperation.

Despite a long tradition of Euro-Mediterranean linkages, the emergence of a cohesive European Union stands in stark contrast to the fragmented Mediterranean at the start of the twenty-first century. Political differences and growing economic disparities reveal the lack of convergence that exists between Europe and the Mediterranean. Disconnections far outweigh the connections, and the main concern this century

should be to ensure that the fault line that exists between Europe and the Mediterranean does not widen into a chasm.*¹¹

In the first half of the 1990s, the Mediterranean showed signs of becoming a cooperative dominant area. But none of the initiatives already mentioned went beyond the theoretical stage of development. Unfortunately, the past five years have largely witnessed an increase in conflictual relations throughout the Mediterranean and a resultant shift to a different type of region. Fault-lines along a north-south and south-south axis have become more apparent, with no sign of a process of regional transformation taking place.

The basic premise of the Barcelona Declaration was that the Euro-Mediterranean area constituted some kind of “common space,” or at least that it possessed enough of the precursor elements of a region (geographic contiguity, common values, traditions, or interests) to make regional institution-building a viable enterprise. From this premise flowed two other assumptions: that the member-states or regimes were equally committed to the goal of regional cooperation as a tool to promote peace, stability and prosperity; and, that they were also receptive to the kinds of political, economic and social liberalisation that makes transnational (as opposed to inter-governmental) cooperation possible.

The first assumption was challenged when regional cooperation (or, at least, sub-regional cooperation in the eastern Mediterranean) was made hostage to the course of the Arab-Israeli peace process. That explains why Arab partner-countries refused to endorse cooperative projects with Israel. But it does not explain the halting pace of progress in cooperation with one another. The explanation for that lies in the resistance of most regimes, contrary to the second assumption, to greater domestic openness. This should not be surprising, given that many of the requirements of free trade and greater foreign investment (abolition of monopolies and licensing arrangements, reduction of customs and excise fees, legal security and transparency, autonomous civil society organisations and institutions) threaten the revenue-base and even the power base of neo-patrimonial authoritarian regimes.*¹²

Current patterns of relations across the Euro-Mediterranean area suggest that the majority of littoral countries in the Mediterranean are unlikely to integrate into the emerging global political economy in the short-term. Transnational ventures remain limited, because states in the area remain more concerned with prosecuting intra-state and inter-state conflicts than with promoting inter-state cooperation, and regimes are reluctant to jeopardize their hold on power by promoting the domestic openness needed to facilitate transnational linkages.

In the absence of radical reforms of the overall institutional and policy framework, foreign direct investment (FDI) will not be forthcoming to any significant degree. This, in turn, will hamper economic development. One of the reasons for the slow economic development of the Mediterranean region, compared to countries such as Hungary, Poland, Slovenia, Slovakia or the Czech Republic, has been the unsatisfactory inflow of FDI since 1990. To date, the Mediterranean area has little prospect of attracting FDI to the tune of 10 per cent of GDP that should be their target in order to move ahead.

At present, Mediterranean countries continue to attract less than two per cent of international investment. A major hindrance to attracting a greater volume of investment is the small size of the market. For example, the entire North African market is only equivalent to the internal Portuguese market. Worse, this small Mediterranean market is fragmented into a number of even smaller markets, and internal transaction costs remain very high. The cost of shipping a container from Tunisia to Marseilles is higher than the cost of sending the same container from Marseilles to Asia.

With so many barriers, it is not surprising that intra-regional Mediterranean trade remains stagnant. South-south cooperation is dormant, with intra-regional trade in the Maghreb representing 5 per cent of total external trade. Statistics concerning intra-regional trade in the Mashreq are slightly more favourable, at about 7 per cent.

If the Mediterranean area is to become more competitive, it must foster a process of sub-regionalisation. This exercise must result in the opening of sub-regional markets and the creation of sub-regional free trade areas. Trade liberalisation within the Euro-

Mediterranean Partnership has so far been taking place on a north-south basis. It is essential that the EU and its Mediterranean partners now focus their attention on stimulating transnational cooperation at a south-south level.

If the EU policy towards the Mediterranean is to become more effective, it should benefit from the concept of “reinforced cooperation,” as enshrined in the Amsterdam Treaty. The EU should provide more incentives to those that are capable and willing to move ahead faster than the rest, with the door remaining open for the laggards.

If European Union efforts to foster intra-Mediterranean political and economic cooperation are to succeed, they must be accompanied by initiatives that Mediterranean states themselves undertake as part of a process that aims to create a transnational network upon which cross-border types of economic and financial interaction can take place. To date, the Mediterranean has not succeeded in creating an environment where people, products, ideas and services are allowed to flow freely. At the moment, there are too many bottlenecks in the system, and this will prevent the region from competing and prospering in the global village of tomorrow.

The EU’s financial support per capita for the accession countries is about six times higher than for the Mediterranean partner countries. Disbursement of EU financial aid takes much longer to reach Mediterranean beneficiaries than Eastern European recipients. In a nutshell, the road to EU membership offers much higher dividends when it comes to integrating into the global economy than does the road laid out in the Euro-Mediterranean Partnership.

In contrast to the more cohesive and cooperative South-East Asian and Latin American developing regions, the Mediterranean currently consists of a number of sub-regional constellations, i.e. Southern Europe, the Maghreb, the Mashreq, and the Balkans, that are evolving along separate and distinct paths.

To the north of the Mediterranean, the EU has been advancing with great strides in its effort to prepare for the challenges of globalisation. This includes furthering EMU, e-Europe, deregulation, fiscal stability, and company mergers, in an effort to strengthen

high economic growth. As a result, the technology and prosperity gap between the EU and the Mediterranean has been widening in recent years. EU enlargement will create the largest internal market in the world, a market of more than 500 million consumers. A larger internal market will result in increased competition, which will favour consumers who will be able to purchase the best products at the cheapest prices.^{*13}

Within the Mediterranean, the differences in the pace of economic restructuring between the front-runners -- Cyprus, Malta, Israel and Turkey -- and the slow reformers -- all the rest -- has also been growing. Cyprus and Malta will become EU members in May 2004. Turkey has completed its customs union with the EU after a thirty-year transition period. It is now accelerating its economic and political reforms as part of its preparations to join the EU some time after 2010. Israel had enormously strengthened its links with Europe during the Oslo peace process. In the years to come, Israel has the potential to further intensify its economic and cultural ties with Europe (and perhaps its political relationship, as well) and to turn increasingly into something like a "pseudo-member" of the EU but much will depend on its stance towards the Palestinians.

The seven Arab countries that have concluded Association Agreements with the EU, namely Tunisia, Morocco, Palestine, Jordan, Egypt, Algeria and Lebanon, may now move ahead in terms of economic and, though more slowly, political reforms. But if the European Union is serious about maximising this opportunity, it should introduce a monitoring mechanism during the implementation phase of these agreements and produce regular progress reports on reforms in each of each partner countries.

A SUB REGIONAL ASSESSMENT

A strategic overview of regional relations across the Mediterranean area reveals that the Mediterranean and the Arab world are among the worlds least structured regions when it comes to regional cooperation, even though the Arab League is the oldest of all regional organisations.

In the Mediterranean, there is no single functioning framework for either trade, economic, or political cooperation. The numerous trans-Mediterranean initiatives that were put forward in the aftermath of the Cold War, including the Conference on Security and Cooperation in the Mediterranean (CSCM) and the Council of the Mediterranean (CM), did not succeed in attracting the necessary support to move beyond the preliminary stage of development.

Efforts undertaken by the EU culminated in the launching of the Euro-Mediterranean Partnership in November 1995. The primary objective of this initiative is to encourage more cooperation among the twenty-seven participating countries. After more than seven years, the Euro-Mediterranean process has thus far failed to produce any of the desired results outlined in the Barcelona Declaration of 1995.

Of the various sub-regional constellations in the Arab world, the Gulf Cooperation Council (GCC) continues to stand out as an effective model of regional cooperation. It has been in place for more than 20 years, but – perhaps strangely – it has not had any visible impact on the rest of the Arab world. The two regional groupings that were proclaimed in the late 80`s -- the Arab Maghreb Union (AMU) and the Arab Cooperation Council (ACC) -- were stillborn as already discussed.

In the year 2001, however, two positive developments did take place in connection with regional trade cooperation. The first was the Arab League's decision to establish an all-Arab free trade area by 2007. The second was the signing of a series of bilateral free trade agreements among Egypt, Jordan, Morocco and Tunisia. Both developments hold out the promise of spurring intra-regional south-south trade in the Mediterranean.

At the Euro-Mediterranean foreign ministerial meeting in Brussels in November 2001 and the Euro-Mediterranean foreign ministerial meeting in Valencia in April 2002 ministers were particularly supportive of the Agadir Declaration of May 2001 announcing the establishment of a free-trade area between Morocco, Tunisia, Egypt and Jordan. The EU Commission's renewed offer to provide technical assistance to the Agadir process in the Euro-Mediterranean Valencia Action Plan should facilitate any efforts by North African countries to try and reactivate the moribund Arab Maghreb Union (UMA) that was created in 1989 and sought to create a common market among Morocco, Algeria, Tunisia, Mauritania, and Libya.^{*14}

In addition, a free trade agreement between Turkey and Israel has also been negotiated. This should be seen as a corollary of the Turkey-EU customs union. It is also likely that the Turkish-EU cooperative framework will be emulated by similar agreements with other riparian countries of the Mediterranean.

The most far-reaching bilateral cooperation among Mediterranean countries has been between Syria and Lebanon. This may potentially lead to a federation between these two countries, strongly dominated by Syria. But since the Syrian-Lebanese relationship essentially involves imposed cooperation rather than voluntary cooperation based on mutual attraction or interest, it is unlikely to serve as a model for similar arrangements among other Mediterranean countries.

Given the fragmented nature of regional cooperation across the Mediterranean, what are the chances that a Euro-Mediterranean free trade area could serve as a substitute for institutionalised regional cooperation? Quite often, regional cooperation among sovereign states is only possible if it is complemented by a strong push from extra-regional powers. To date, this push has been largely absent in the Mediterranean.

The strongest push towards a more integrated political and economic structure has so far come from the European Union-initiated Barcelona Process. This includes free trade between individual Mediterranean countries and the EU and an EU drive to further intra-Mediterranean free trade, as a logical and political corollary. The proliferation of Arab free trade initiatives, bilateral or all-Arab, has therefore to be judged positively, even if the record of past declaratory commitments is not inspiring

and the current approach is not necessarily the most effective one (product lists instead of a horizontal dismantling of tariffs in clearly defined stages).

In economic terms, both the Mediterranean countries and the EU stand to benefit handsomely from an increase in regional cooperation. By 2015, the Euro-Mediterranean Partnership process has the potential to create a vast European-Mediterranean free trade area, which the EU Commission had projected in its basic communication of October 1994. The EU should now facilitate this process by extending total cumulation of origin to all Mediterranean countries. Indeed, this is the only means for creating effective industrial interaction (subcontracting among many manufacturing units in different countries of the region), with significant productivity gains for all parties concerned.

But in political terms, this situation cannot be considered as satisfactory for the Arab countries around the Mediterranean. They will find themselves in an extremely asymmetrical relationship with the giant EU in the north, which by 2020 will extend to essentially the whole of Europe with the exception of Russia.

The question therefore arises if it is possible and likely for the Arab countries to join hands in order to establish a more structured network of regional cooperation. This could take the form of the GCC model of cooperation or that of the Association of South-East Asian Nations (ASEAN). The question arises whether the EU can or should continue to be the main motivator of such an effort or if it should make more of an effort to spur Mediterranean leadership itself when it comes to such sub-regional models of cooperation.

Two approaches should be explored in such a perspective. The first might involve a sub-regional grouping of the countries in the Maghreb, on the one hand, and those in the Mashreq, on the other hand. The second would be a more comprehensive modality that encompasses all twenty-one member-states of the Arab League. That option appears to confront difficult, if not insuperable obstacles of geography and differences in political regimes and economic structures. The same obstacles are only slightly less forbidding in the context of an intermediate approach aimed at bringing together just the nine Arab countries around the Mediterranean, from Morocco to Syria.

When it comes to assessing the prospects for sub-regional cooperation in the Mediterranean, trends point towards an extremely difficult road ahead. In the Mashreq, Egypt constitutes a world apart from the Levant countries, with Israel in between as kind of physical and political barrier. The candidates for cooperation vary greatly in size, and matters are further complicated by the ambiguous status of Palestine, the hesitations of Jordan to engage itself in such an “alliance,” and rivalries for leadership between Egypt and Syria.

In order for sub-regional cooperation to take off in any effective manner, Egypt would have to take the lead in bringing together the other five Mashreq countries. Egypt has never lacked the desire to lead, whether in a sub-regional context or in the context of the Arab world as a whole. But historically, its reach has exceeded its grasp, and there is suggest that Egypt is now better placed (or more determined) to promote a sub-regional structure that transcends instrumental cooperation than it was in the past. As a result, it appears that one should not expect any substantive move towards the setting up of a sub-regional grouping in the Mashreq during the next decade. Instead, limited political and economic energies could be more profitably focused on improving the economic and social situation in each of the countries, rather than pursuing futile dreams of new regional structures of the kind that have failed to materialise so many times in the past.

In the Maghreb the chances for an effective sub-regional cooperative arrangement do not appear that much better as long as the political rivalry between Algeria and Morocco for “leadership” of this region is not resolved. However, the fact that it is a single coherent land mass, without a disturbing “political” factor analogous to Israel in the Mashreq, means that there is at least a greater for sub-regional integration. Moreover, the high degree of cultural identity, formed by similar historical experience under French colonial rule, and economic complementarities between Algeria and Libya, on the one hand, and Morocco and Tunisia, on the other, hold out the possibility for further cooperation in future.

Perhaps one way forward at this stage is to once again create a more structured sub-regional cooperative framework between the actors concerned. The goal should be to

establish a sort of Maghreb “common market” or “confederation” in order to organise economic development in a coherent framework, thereby making the area more attractive to foreign direct investment. “*Mise à niveau*” and a better defence of the Arab country’s interests against the powerful EU should be the driving forces behind such an ambitious scheme.

A new treaty would have to replace the obsolete AMU Treaty of 1989. Initially, the new sub-regional structure could be confined to the three core countries. Given its development and reform process, Morocco must be the driving force behind any such initiative. A partnership with Tunisia could lay the foundation for a sub-regional arrangement that would also include Algeria at the opportune moment.

The implementation of a Maghreb “common market” should be completed by 2010-15, in parallel with that of EU-Maghreb free trade. Customs union, free movement of persons, free movement of labour and capital, harmonisation of basic economic rules and regulations (customs, VAT, standards), benchmarking for economic reforms and macro-economic policies etc. should be the main assignments to be given to such a regional entity. Its institutional framework could be kept to a minimum. It would, however, require a permanent secretariat with a strong personality at the top, somewhat similar to an EU Commissioner or representatives of the GCC secretariat, if it is to be effective.

For the Maghreb, such a structure would be of enormous value as it would help to channel the rivalries among the states in a productive direction. It would also facilitate the dismantling of the high walls of protection, especially in Algeria, which would give a strong push to more economic efficiency and international competitiveness. The economic clout of the Maghreb countries would be greatly enhanced, with a market of some 100 million people making it more attractive for investors from Europe, America and Asia. Last but not least, by coordinating their positions on the international scene, the three Maghreb countries would substantially enhance their global standing.

For the EU, a Maghreb union that is successful in tackling the tremendous social-economic challenges of the future would be a big relief on its unruly southern front.

The EU should therefore, in its own vital interests, actively support any constructive initiatives in that direction and thus undertake more efforts to help Algeria and Morocco to come to terms and to normalise relations.

THE EURO-MEDITERRANEAN PROCESS AND REGION BUILDING

More than seven years have passed since the signing of the Barcelona Declaration in November 1995, when the Foreign Ministers of the EU and their counterparts from twelve Mediterranean countries pledged to progressively establish a Euro-Mediterranean area of peace, stability and prosperity at the horizon of 2010.

Since then, profoundly asymmetrical developments in the EU and the Mediterranean have taken place: an EU frantically struggling to keep up with the constraints of globalisation, a Mediterranean falling further behind.

In recent years the EU has been moving into new areas. It has undertaken two major constitutional reforms, the Amsterdam and the Nice Treaties. It has successfully introduced a common currency, the Euro. It has virtually completed its single market for goods, services, capital and people. It has started to develop a common security machinery to be ready for action by 2003. The EU has also made great strides towards a common area of law and security and it has set itself the objective to become a knowledge society and a common area of research and science by 2010.

The European Union is also on track to proceed with its 5th enlargement by 2004. Up to ten new member countries from central Europe and the Mediterranean are expected to join the EU after having undergone a thorough transformation process of their economic, social and political systems over the past ten years.

During the same period, most of the EU's Mediterranean partner countries have moved ahead very slowly. The prosperity gap with Europe, especially Central European countries, has further widened. It would have widened even further without the recent rise of oil prices and a significant slowdown of demographic growth, the only positive developments in the region.

Unfortunately there has been no major attempt towards more economic, let alone political integration. Throughout the region, the reform process has been lamentably slow. Privatisation and deregulation of the economies are still in the very beginning.

Hardly any country has made convincing strides on the path towards political accountability and democracy.

The high expectations raised in 1995 by the Barcelona Declaration have not been fulfilled. They will not be fulfilled in the future unless there is a profound change of awareness in the eight Arab Mediterranean partner countries. The adoption of the Valencia Action Plan by the twenty-seven Euro-Mediterranean countries at the end of April 2002 offers the Mediterranean partners a good opportunity to engage more actively in regional relations.

The very fluid nature of international relations since the terror attacks of September 11, 2001 has resulted in an ever-changing global security environment. Perceptual changes taking place in the security environment of the Euro-Mediterranean area demand a re-think by everyone when it comes to managing sources of instability. The European Union enlargement process, NATO enlargement and the new American strategic doctrine dictate that a more co-ordinated approach towards security in the Mediterranean should be adopted if sources of instability are to be contained.

More than ever the concept of security is also under review worldwide. Since the end of the Cold War there has been a gradual shift away from traditional security concerns that focus on military threats to so-called soft-security issues that include organised crime, drug trafficking, illegal migration, and terrorism which is dominating strategic analysis. The Mediterranean is already a geo-strategic area where numerous sources of insecurity threaten escalation and put regional and international stability at risk. Regional dynamics that need to be urgently addressed include the collapse of failed states, the increase of terrorist activities, the Middle East conflict, proliferation of all types of weapons, energy security, and the ever-increasing economic disparity.

Given the rapid security sea-change underway, what can be done to enhance efforts to create a Euro-Mediterranean security community? Since the launching of the Barcelona Process in November 1995 the twenty-seven Euro-Mediterranean Foreign Ministers agreed on the need to develop and sustain Partnership Building Measures. While recognising the constraints that currently exist, a commitment was also made to

focus on the concept of global stability and the need to develop common perceptions of the factors that contribute to it.*¹⁵

The Annex to the Chairman's Formal Conclusions at the Third Euro-Mediterranean Foreign Ministerial meeting in Stuttgart in April 1999 provide a specific framework for elaborating a Euro-Med Charter for Peace and Stability for the first time. The guidelines emphasise that the Charter will serve as a functional instrument for the implementation of the principles of the Barcelona Declaration.*¹⁶

The Annex stipulates that the establishment of an enhanced political dialogue, in appropriate institutional framework and on adequate levels, will have priority. It is also stated that the dispositions regarding partnership-building measures, good neighbourly relations, sub-regional co-operation and preventive diplomacy will be developed in an evolutionary way and progressively strengthened. The development of such security mechanisms in the Mediterranean would certainly serve as regional building blocks that are urgently necessary if the clash of civilisations scenario that some have predicted is to be avoided.*¹⁷

The commitment to continue working on a Charter for Peace and Stability, the interest in exploring the possibility of setting up a Euro-Mediterranean Development Bank, and the decision to establish a Euro-Mediterranean Foundation to promote further dialogue between cultures and civilisations in the area offer all countries the possibility to develop closer co-operative regional relations than is currently the case. If the Euro-Mediterranean Partnership is to contribute to the creation of a Euro-Mediterranean region it is essential that the above-mentioned objectives move from the theoretical to the implementation stage between 2002 and 2004. It is also essential that more of an effort is made to co-ordinate and support sub regional co-operative initiatives that are functioning throughout the Mediterranean.

The Mediterranean partners would therefore do well to take lessons from Hungary, Estonia or Bulgaria and, more recently, Turkey when it comes to enabling their populations to enjoy a better life, more freedom, better education, more jobs, and less pollution. Everywhere they will find similar answers: accountability and transparency of governments, market economy, higher standards of education, encouragement of

civil society, particular of women, privatisation of the banking sector and major utilities, retreat of the government from direct interventions in the economic process.

The EU is willing and able to support whatever reforms governments will be prepared to launch and implement. The Association Agreements signed with all the Mediterranean countries, except Syria, and financial assistance, are elements of such support. The establishment of free trade between the EU and each of the Mediterranean countries will, in due time, have a positive impact on the functioning of their economies. The case of Tunisia, the only country that is already somewhat advanced on the road towards free trade is telling in that respect.

But the EU must also become more active if it is serious about stimulating and accelerating the necessary reform process across the southern shores of the Mediterranean, and it should do so urgently. The EU should offer its full support to all those countries in the South willing to move ahead with serious socio-economic reforms. With those volunteering for a joint reform effort it should start a process of “open coordination” in a few areas that are essential for more rapid socio-economic progress: education, information technology, deregulation, science and research, good governance. The partner countries would commit themselves to a set of reform objectives and a strict calendar for implementation.

The E.U.'s new neighbourhood policy must seek to establish a new form of European political and economic regionalism on a par with NAFTA in the Americas or ASEAN in the Asia Pacific. The indivisibility of security in Europe and neighbouring regions is an issue that needs to be given top priority in the European Union's common foreign and security policy.^{*18}

The EU would have to offer substantial financial assistance to certain packages of the reform process. It would focus its assistance on those countries participating in the joint exercise. In doing so, the EU would transpose its precious experience with the transition countries in Central Europe to the Mediterranean. This will require substantially more personal and financial commitment on the part of the EU Commission and member states than during the past seven years.

At the start of the new millennium the Euro-Mediterranean Partnership process is “the only game in town” as far as region building is concerned and it appears that it will remain so for another two decades or longer. Europe cannot escape its southern neighbours, however messy their socio-economic situation may become. And the Mediterranean countries will not avoid Europe being a major reference for their future development, from market economy, to high-tech research, freedom of the press, good governance, democracy and human rights.

The Euro-Mediterranean Partnership process must, however, not become a scapegoat for the failures of southern countries in doing their homework properly. The EU cannot undertake necessary reforms in the place of the governments in the partner countries. It can only make suggestions, share its own positive and negative experience with those who want to learn.

It can try to transpose the basic methodology of its own development programme as stipulated in the “Lisbon process” with its “benchmarking”, “open coordination”, and target setting to those countries in the south that may wish to undertake a similar exercise which is adapted to their particular challenges. If the Euro-Mediterranean Partnership is to have a significant impact on regional relations in the area it must allow those countries that are able and willing to move ahead to do so. Once the ice is broken, others will follow suit. ^{*19}

CONCLUSION

Both the EU and the Arab world need a critical re-assessment of regional cooperation. Regional cooperation is not an aim in itself. It has to be pursued with a clear strategy, clearly defined objectives and instruments to be used in order to advance long-term objectives, and a clear sense of priorities. What sort of regional cooperation makes sense? Where is there a chance of advancing?

For more than seven years following the Barcelona Declaration, both sides of the Mediterranean have been pursuing “regional cooperation” in a rather uncritical fashion. Any multilateral meeting of Mediterranean/European ministers, diplomats, officials, or academics was deemed to be a positive step toward “Mediterranean” cooperation, peace and stability. But real progress towards a Mediterranean regional arrangement remains limited. The possibility of creating a more integrated Euro-Mediterranean region is possible, but only if efforts and resources are invested in more promising directions. This include assisting the Arab League to become a more effective organisation, underwriting the progressive creation of a comprehensive Euro-Mediterranean free trade area, and supporting closer integration of the GCC and closer EU-GCC cooperation.

But the priority should be the questionable premises that have been the Achilles’ heels of the Euro-Mediterranean Partnership thus far: the assumption of “the common Mediterranean space” and the assumption of regime commitment to domestic reform. In practice, this means devoting most attention and resources to:

- sub-regional groupings with the greatest potential to develop, especially the Maghreb (which also happens to be the more immediate focus of most European “soft security” concerns); and
- the domestic changes that are both the conditions for and the objectives of regional cooperation.

At a bare minimum, therefore, the degree of interdependence between the three sub-regions of the Mediterranean must increase before any talk of an international Mediterranean region can be realistic. Europe, too, must play an active role in such a process if the establishment of a Mediterranean region is to be successful. In fact, the European Union did launch an initiative aimed at establishing a Euro-Maghreb partnership. This took the form of a communication from the Commission to the Council and the European Parliament in 1992. The principal aim behind this step was to develop a reassuring political and economic message to the Maghreb. The strategy included schemes to foster economic reforms, increase investment, develop trade liberalisation, contain population growth and enhance political pluralism.

The EU envisaged that this policy would aid the complementary development of both vertical and horizontal integration in the Mediterranean, which has been lacking in the past. At the same time, however, the EU intended to maintain some distance. For instance, when Morocco submitted an application in 1987 to join the EU, it was clearly given to understand that EU membership was not under consideration. And apart from some limited investment ventures in the energy sector, the EU has had little success in its political and economic programmes, in part because the EU has not developed a comprehensive policy towards the Mediterranean.

If the European Union is serious about having a significant positive impact on regional integration in the Mediterranean area in the short-term, it must seek to support more directly all sub-regional groupings that can have a positive impact on patterns of relations in this part of the world.

A sub-regional approach would not entail formal dissolution of the Euro-Mediterranean Partnership. All current and prospective members could maintain their membership, whatever their status in sub-regional groups (whether defined by geography or functionality). Moreover, it could even facilitate the more efficient operation of other sub-regional groupings by compartmentalizing the Israeli-Arab conflict. Regardless of whether this has been a real impediment or merely a diversion, it has nevertheless complicated EMP proceedings, sometimes to the point of paralysis. Pending a resolution of the conflict, minimizing if not eliminating the number of EMP fora in which Israelis and Arabs participate together might facilitate

more focused attention by all parties on the economic, social and governance issues that are at the heart of the Mediterranean experiment.

At this stage, the European borderlands -- the Mediterranean, Black Sea, Central Europe, and Baltic Sea -- are all evolving along different paths of interaction.^{*20} In the case of the Mediterranean the task of superseding the obstacles that are hampering regional co-operation must consist of better management of on-going regional efforts and more effective monitoring of goals being sought. A road map that stipulates short, medium, and long term phases of region building is necessary if any progress is to be registered in establishing a Euro-Mediterranean community of values.

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