

The Euro-Mediterranean Partnership and the European Neighbourhood Policy: Results and Prospects

Bechir Chourou, Ph.D.

In November 1995 representatives of the members of the European Union (EU) and of twelve governments from the southern Mediterranean region met in Barcelona and adopted a document, which became known as the Barcelona Declaration. Although it did not have a binding character, the Declaration was to become the general framework within which a Euro-Mediterranean Partnership (EMP) between the EU and the Mediterranean partners was to be instituted. Objectives were defined in three broad areas or 'baskets': Political/security, economic/financial and social/cultural/human affairs. However, the so-called Barcelona Process that was set in motion failed to yield significant results in any of these areas. This fact, as well as other important developments that had taken place in the meantime – including the enlargement of the EU, prompted the latter to adopt a new policy, which it called the European Neighbourhood Policy (ENP).

This paper will examine the EMP and the ENP and their respective impact on Southern partners. With respect to the EMP it will argue that no progress has been achieved in implementing Basket 1, that measures adopted under Basket 2 have been largely detrimental to Southern partners, and that implementation of Basket 3 has been mostly perfunctory and of little relevance to the average citizen in the South or, for that matter, in the North. Regarding the ENP it will be argued that the Policy did not bring any substantive innovations in comparison with the EMP, and that its approach to crucial *political* issues is not likely to be more effective than that of the EMP.

I. Impact of the EMP

The general objective of the Barcelona Declaration, according to its preamble, is to “turn the Mediterranean basin into an area of dialogue, exchange and cooperation guaranteeing peace, stability and prosperity.” Achieving this objective “requires a strengthening of democracy and respect of human rights, sustainable and balanced economic and social development, measures to combat poverty and promotion of greater understanding between cultures.” To that effect, participants in the Barcelona conference agreed “to establish a comprehensive partnership among [them] – the Euro-Mediterranean partnership – through strengthened political dialogue on a regular basis, the development of economic and financial cooperation and greater emphasis on the social, cultural and human dimension, these being the three aspects of the Euro-Mediterranean partnership.” The Declaration contained a work programme designed to give practical expression to the EMP and recommended a series of actions that would need to be taken so that the objectives of the partnership can be achieved. Association agreements (AA) were to be signed between the EU and each of the Southern partners to turn these declaratory ideas into legally binding actions.

1. Overview of the Association Agreement

When a country accepts to enter into an agreement, one can suppose that it estimates that the net impact of the agreement would be positive, i.e. its advantages outweigh its disadvantages (if any). The problem, however, is that the Associations Agreements (AA) have been written

in such a way that governments in partner countries would find little in their components (the three baskets specified in the Barcelona declaration) that is objectionable. Generally speaking, Association Agreements follow a similar structure.* An introductory article defines the objectives of the Agreement: instituting a framework for political dialogue between the contracting parties; trade liberalisation; fostering the development and prosperity of the Partner and its people; promoting horizontal regional cooperation/integration; and promoting economic, social, cultural and financial cooperation between the contracting parties.

All Association Agreements have an identical Article 2 which reads as follows:

Relations between the Parties, as well as all the provisions of the Agreement itself, shall be based on respect for human rights and democratic principles, which guide their domestic and international policies and constitute an essential element of the Agreement.

Then follows a section dealing with ‘Political dialogue’ the purpose of which is to “help build lasting links of solidarity between the partners which will contribute to the prosperity, stability and security of the Mediterranean region and bring about a climate of understanding and tolerance between cultures” (Art. 3). It is further stipulated that “Political dialogue shall cover all issues of common interest to the Parties...” (Art. 4). In general, this is the extent to which AA deal with the first basket.

The rest of the Agreement is generally devoted to questions such as free trade and financial and economic cooperation. In the case of Tunisia there is a section – Chapter IV entitled ‘Cooperation on cultural matters’ whose single article (Art. 74) states that “the Parties shall undertake – while respecting each other’s culture – to provide a firmer footing for lasting cultural dialogue and to promote continuous cultural cooperation between them, without ruling out a priori any field of activity.”

Thus, it is clear that the Agreements tend to give greater weight to the second basket than to the first and third ones. However, it should be recognised that a more balanced document that reflects Europe’s stated desire to go beyond the limited scope of traditional cooperation agreements signed with developing countries might have been rejected by the prospective partners. Therefore, issues that are sensitive in the North (culture, religion) or in the South (democracy, human rights) were simply glossed over.

Be that as it may, we shall now turn to an evaluation of the impact of the Association Agreement as it was officially adopted, looking at each basket separately.

2. The first basket

As already indicated, political and security issues are important elements of the Agreements.

* Although the wording may differ from one AA to another, the ideas are generally similar. When quotes are given, they are taken from the AA signed by Tunisia.

We will focus on three particular questions, using Tunisia as an illustration.

- Consolidation of security and stability in the Mediterranean;
- Promoting integration of the Maghreb; and
- Respect of human rights and democratic principles.

Security and stability in the Mediterranean depend primarily on developments taking place in the Middle East, such as the stalled peace process, continued occupation of Arab lands and foreign military intervention in Arab countries. It is difficult to see how some of the Association agreements could have had a perceptible effect on any of these issues. At most, the Parties may have used the Barcelona Declaration – a multilateral instrument – to influence events in the Middle East, but a bilateral tool such as the AA could be of little effect. There is no doubt that security and stability in the Mediterranean, in addition to their intrinsic value, would be beneficial to all partners; it is just that the AA individually are unlikely to bring them about.

Turning to regional integration and the specific case of building the Maghreb, there was a greater potential for the AA to contribute to the achievement of that objective. It will be recalled that in 1989 Tunisia and four North African countries (two of which participated in the 1995 Barcelona conference) to create the Arab Maghreb Union (*Union du Maghreb Arabe* or UMA). However, UMA has been unable to this day to achieve any concrete result, mostly as a result of recurrent disagreements between its members, particularly the conflict between Algeria and Morocco over the Western Sahara.

This is an area where Tunisia and the EU might have joined efforts to eliminate some of the obstacles that stood in the way of integration. For example, the EU could have offered assistance to finance necessary infrastructure projects such as highways, railroads and sea-shipping facilities without which trade could not take place. It might also have offered to apply the cumulative rule of origin to imports coming from Tunisia, a measure that was belatedly adopted.

This is not to say that such measures would have been sufficient to allow the integration process to take off. There were, and continue to be, much more vexing issues with which it would be necessary to deal, the foremost being the lack of political will among North African leaders to set the process in motion. Many reasons have been put forth to explain why this is the case, but it may be argued that the fundamental problem is that policies (domestic or foreign) are often adopted by a narrow elite on the basis of their narrow interests rather than by representative institutions on the basis of national interests. This brings us to the third question to be discussed, namely, respect for human rights and democratic principles.

This principle is a standard feature of all Association agreements, and it also became one of their most controversial elements. When the EU was reviewing its Mediterranean policy in the early 1990s, it indicated its wish to extend its relations from the narrow fields of trade and financial assistance to include political, social and cultural areas. However, implementation of this orientation proved to be difficult, all the more so that Fundamentalism was spreading in the Arab world, and terrorist acts were taking place in Europe. Furthermore, early democratic experiments showed that radical Islamist movements could control the highest seats of power. Thus, Europe was faced with two choices: it could either maintain its support for democratic principles and run the risk of being faced with radical theocratic regimes in many Arab countries, or it could continue to support existing autocracies which showed little respect for human rights or democratic principles, but were capable of dealing efficiently with

those who threatened regional stability, not to mention the fact that those regimes were faithful and reliable allies of the West.

The dilemma was not exactly Cornelian, as the French would say, and the choice made was as predictable as it was understandable from a European point of view. But the practical result is that democratisation in the Arab world was postponed to the ‘Greek calends’ – something that could have in the long run a negative impact on security and stability in partner countries and in the region, as well as on the nature of Euro-Arab relations.

3. The second basket

Setting up an economic and financial partnership for the purpose of creating an area of shared prosperity was the main objective of the EMP. This is reflected in the fact that the Association agreements, including Tunisia’s, devote the bulk of their provisions to such questions as the movement of goods, trade in services, and investments. Regarding the impact of this cooperation, it was expected that the Association agreement would “foster the development and prosperity of Tunisia and its people” (Art. 1). Using this as a yardstick, it is argued that the AA as it was designed did not reach, and could not have reached, its objectives.

The general premise of the argument is that the AA accept uncritically the principle that free trade automatically increases welfare, when in fact economic theory has established that this does not necessarily apply to situations in which trading partners are at widely different levels of economic development, which is the case of the EU and the Southern partners. What is bound to happen in such situations is that the more advanced partner(s) will conquer the markets of the less advanced one(s), the former having a structural comparative advantage over the latter. As a result, less developing countries would have great difficulties to create new productive activities (especially those that are not labour intensive), or improve existing ones to a level where they become competitive on international markets.

Tariffs dismantling had other negative effects. In many developing countries governments derive a major portion of their revenues (25 % +) from customs duties and charges. If alternative sources of revenue are not found or are insufficient to compensate the loss, governments are obliged to reduce expenditures, find new methods to increase income, and/or redistribute available resources. Usually, this translates into a variety of measures, ranging from increasing or introducing fees for public services (healthcare, education), selling off public enterprises, and increasing indirect taxes, to improving collection of income taxes and reducing subsidies for items of basic necessity such as bread, staple food and fuel.

Governments counted on two additional sources for revenues: grants and foreign direct investment, but neither of them materialised in sufficient quantities.

Space does not allow a detailed discussion of other shortcomings of the AA, but two points need to be stressed. On the one hand, the Agreements did not bring substantial new benefits in comparison with previous cooperation agreements that some partners (e.g. Morocco, Tunisia) had with Europe. For example, Tunisian manufactured products already had free access to European markets, and access conditions for agricultural exports did not improve. But in addition to this, the AA contained a new element whose implementation was not favourable to Southern partners: it is the rule of reciprocity, whereby each partner was to extend to the EU the same treatment that the EU extended to that partner. Of course, this rule is required by the WTO regulations, but it is still the case that the concerned partners lost a favourable treatment that it had enjoyed for two decades.

On the other hand, the AA are not always consistent in applying principles which the EU considers as important. For example, free trade is applied to manufactured goods, but not to agricultural products. Similarly, the EU promotes free trade in services and implementation of WTO's Trade Related Investment Measures (TRIM), including the free movement of capital, but rejects the free movement of persons.

In sum, the balance sheet of the economic and financial provisions of the AA is not favourable to Southern partners. Some of the privileges the Agreement extends to some of the latter are not new; others create serious difficulties for the partner countries. Compensatory measures are insufficient and inadequate. Some measures may have been unavoidable under prevailing international regulations, but greater efforts could have been made to make their implementation less painful.

4. The third basket

The Barcelona Declaration has a separate section devoted to 'Partnership in social, cultural and human affairs', and the work programme lists the specific areas where actions were to be undertaken, including:

- dialogue between cultures and civilisations,
- media,
- youth,
- exchanges between civil societies,
- migration, illegal migration,
- terrorism,
- drug trafficking, organised crime.

In the specific case of the Tunisia-EU Association agreement, it has one section (Title VI) that deals with 'Cooperation in social and cultural matters', and which in effect is devoted mostly to rights of legal migrants. Only one article (Art. 74) relates to cultural matters and calls rather vaguely for "boost[ing] mutual knowledge and understanding." In any event, the EU has set up many Euromed activities and programmes in which Tunisia took part, including Euromed HERITAGE I, II, and III projects, Euromed Audiovisual I programme, Euromed Youth, and EUMEDIS (Euro-Mediterranean Information Society Initiative) projects, all funded by MEDA. But the general perception is that the third basket does not get the attention it deserves, particularly the involvement of civil society.

5. Farewell EMP?

The annual meeting of Euromed Foreign Ministers held in The Hague in November 2004 decided to proclaim 2005 as Year of the Mediterranean as part of the commemoration of the tenth anniversary of the Barcelona declaration. Various events were to take place throughout the year, culminating with a summit meeting of the heads of states and governments of the 25 European and 10 Mediterranean partner countries. However, when that meeting gathered in Barcelona on 27 November 2005, none of the Arab heads of states were present, except for the President of the Palestinian Authority.

Well before the Barcelona summit, a large number of studies had been published to assess the Barcelona process, and the general consensus that emerges from them is that the process fell short of its objective of turning the Mediterranean into an area of peace, stability and shared prosperity. Even the EU Commission came to a similar conclusion, prompting it to look for ways and means to 're-invigorate' or 're-launch' the Barcelona process.

In the South criticism of the Barcelona process was also widespread. In official circles, the focus was on the inadequacy of financial assistance and investment (although the EU had spent €3 billion annually in grants and soft loans), and on EU attempts to bring up the issue of respect for human rights and democratic principles (although the EU never invoked the non respect of Art. 2 of AAs as a reason for suspending any of those Agreements). Similarly, ‘authorised civil society’ tended to denounce Europe for meddling in national internal affairs, supporting hoodlums, fanatics, and terrorists, and displaying a neo-imperialist attitude. But contrariwise, ‘unauthorised civil society’ usually decried Europe’s lack of commitment in favour of democracy, its support for authoritarian and dictatorial regimes, and its tendency to give precedence to its short-term material interests over the principles of justice, freedom and solidarity.

But it was probably not the poor performance of the EMP or the criticisms levelled against it that motivated the EU to abandon or modify it. The new policy that the EU launched under the name of European Neighbourhood Policy or ENP came following the enlargement of the EU, and it was meant to reflect the changes that the enlargement brought about in terms of the status of the EU as an international actor, and of the nature of its relations with the countries that lie along its new borders. Those who were neighbours became family members, and those who were strangers became neighbours, thereby changing the features of the original household (the EU) and of the layout of the territory in its new configuration. But if the principle that new realities require new policies was the main rationale for the ENP, one can still argue that one of the major (unintended?) consequences of the design of the ENP was to deprive the Mediterranean from the character of a neighbourhood that it had in the EMP and transform into a scattering of separate individual houses.

II. Impact of the ENP, with Tunisia as an example

The objective of the ENP is to share the benefits of the enlargement with neighbouring countries in strengthening stability, security and well-being for all. By drawing countries into an increasingly closer relationship with the EU, it can create a ‘ring of friends’ and prevent emergence of new dividing lines. It offers countries the chance to participate in various EU activities, through greater cooperation on political, security and economic issues as well as culture and education. Through this deeper engagement with partners, the EU seeks to promote partners’ commitment to common values such as the rule of law, good governance, respect for human rights, and the promotion of good neighbourly relations [Commission of the European Communities, “On the Commission proposals for Action Plans under the European Neighbourhood Policy (ENP)”, COM(2004) 795 final].

This is in a nutshell how the EU describes the vision of the ENP. To bring about this vision, Action Plans (AP) covering three-year periods were to be jointly agreed with each neighbouring country on the basis of a Country Report that will have been prepared by the Commission to identify priorities for that country. Once the Action Plan is approved and has gone into effect, the Commission will issue periodic reports on progress and areas needing further effort, and in light of these reports a new agreement would be offered containing greater benefits and more rewards commensurate with the success achieved in implementing the previous AP.

Each Action Plan is articulated around six broad themes: political dialogue and reform; economic and social development and reform; regulatory and trade related issues; justice and

home affairs; sectors; people-to-people contacts. It then identifies priority actions to be undertaken, and specific actions to be implemented in the short and medium terms. The National Indicative Programme (NIP) will have specified for each action the context and grounds for its inclusion, its objectives, expected results, performance indicators, the project supervisor and beneficiaries, specific conditions for financing the project, and the budget allocated for the action.

1. National Indicative Programmes and Action Plan

The NIP for the period 2002-2004 was issued as part of the Country Strategy Paper (CSP) 2002-2006. Table 1 shows the operations that had been programmed for that period. The NIP for 2005-2006 offers the following evaluation of the first NIP:

Table 1 – Commitments, National Indicative Programme 2002 – 2004

PROGRAMME	INDICATIVE AMOUNT	COMMITMENT		
		2002	2003	2004
MEDIA (REPORT 2001)	€M 2.15	€M 2.15		
CIVIL SOCIETY (REPORT 2001)	€M 1.50	€M 1.50		
PORTS MODERNISATION (REPORT 2001)	€M 20.00	€M 20.00		
JUDICIAIRY MODERNISATION	€M 30.00		€M 30	
ECONOMIC TRANSITION - SAF IV	€M 78.00			€M 78
A. A. SAFETY NET	€M 15.00	€M 15.00		
INDUSTRIAL MODERNISATION - SME	€M 50.00	€M 50.00		
UNIVERSITY MODERNISATION	€M 48.00		€M 48	
TEMPUS	€M 4.00		€M 2	€M 2
TOTAL	€M 248.65	€M 88.65	€M 80	€M 80

The implementation of cooperation improved noticeably in 2002. In general, the implementation and appraisal of the operations programmed for the period 2002-2004 are progressing satisfactorily and the priorities identified remain valid.

Certain programmes, which date from the previous programming are experiencing problems (sickness insurance, competitiveness, privatisation, job creation), but these do not warrant modifying current programming.

Cooperation is difficult as regards governance (so-called third generation MEDA projects, as demonstrated by the absence of agreement on the civil society programme of €1.5 million (which led to its cancellation); the long gestation of the €2.15 million project to support the media (which has just been signed); the long gestation of the justice programme of €25 million (appraisal of which will start soon and which has now reached the stage of discussing its real scope).

The preparation of the NIP for 2005-2006 took into consideration these results as well as recent policy framework elements such as the 2002 Arab Human Development Report, Doha and Johannesburg agendas, and “support for reforms in sectors concerned by implementation of the Association Agreements, including good governance.” This resulted in the following

operations programmed for 2005-2006 (Table 2):

Table 2 – Commitments, National Indicative Programme 2005 – 2006

STRATEGIC PRIORITY/PROGRAMME	INDICATIVE AMOUNT	COMMITMENT		% BUDGET
		2005	2006	
① ECONOMIC REFORMS. MARKET ECONOMY INSTITUTIONS. DOHA AGENDA - Structural Adjustment Facility V	€M 70 €M 70		€M 70	48.62%
② HUMAN RESOURCES DEVELOPMENT. UNDP REPORT - Vocational training - Secondary education - Tempus	€M 64 €M 30 €M 30 €M 4	€M 30 €M 30 €M 2	€M 2	44.44%
③ ECONOMIC INFRASTRUCTURE JOHANNESBURG AGENDA - ENVIRONMENT - Wastewater disposal (interest rebate)	€M 10 €M 10	€M 10		6.94%
TOTAL	€M 144	€M 72	€M 72	100%
TOTAL 2002-2004 : €M 248.65 (2002: €M 88 ; 2003: €M 80 ; 2004: €M 80)				

A comparison of the two NIP shows that annual commitments decreased from €80 million (€ 88 in 2002) to €70 million. Programmes relating to the media, civil society and judiciary modernisation have been abandoned, and no substitutes have been proposed for them. The Action Plan does list ten actions (out of a total of 79) to be carried out in the area of Political dialogue and reforms, but none of them have been earmarked for financing (see Table 3 below).

Table 3 – Actions listed in Tunisia's Action Plan

Actions	Number	Percent
Political dialogue and reforms	10	13
Economic & social reform & development	5	6
<u>Trade, market & regulatory reform</u>	27	33
Migration, border management, organized crime, drugs, money laundering	12	15
Transport, energy, information society, <u>environment</u> , science & technology	18	24
People-to-people contacts (<u>education, training</u> , cultural cooperation, civil society cooperation...)	7	9
Total	79	100

Earmarked for financing in NIP 2005-2006

2. Prospects of the ENP

Tunisia's Action Plan came into force on 4 July 2005. It is therefore too early to make a meaningful assessment of its impact. Nevertheless, the following general remarks may be made. First, despite the fact that the ENP is presented as a comprehensive policy that encompasses political, social and economic issues, the Action Plans that it produced (for Tunisia and other Arab countries) are no different from the Association Agreements issued from the Euro-Mediterranean Partnership, focusing as they do on achieving total free trade and on the reforms that are needed to achieve that objective while leaving aside political and cultural issues. In this respect, the EU seems to ignore the ill-effects that free trade has had on its partners, and not to heed statements issued by various European and African non-governmental organisations interested in sustainable development (such as Oxfam, Britain-Based Traidcraft, and Kenya-based EcoNews Africa) calling on the EU to abandon free-trade economic partnership agreements as they are currently envisaged.

Secondly, the ENP contains many promises that the EU is likely to be unable or unwilling to fulfil. For example, neighbours are offered the so called 'four freedoms', i.e. free movement of goods, capital, services and people. But implementation is likely to be opposed by many EU members, especially those whose agricultural sector would be exposed to competition from the South Mediterranean region, and those who might fear an influx of migrants that could be a source of social and security problems. In fact, the current debate on immigration and the recent measures proposed or adopted by the EU on illegal migration portend likely developments in this area.

Another example of 'un-fulfilable' promises relates to the financial component of the ENP. It should be kept in mind that the enlargement of the EU was costly, and it is not yet completed. Furthermore, new members may fear that increased aid to non-members would be detrimental to them, especially in view of the budgetary constraints that the EU is facing. For the period 2004-2006 the EU has set aside €M 955 for the ENP, of which €M 45 were slated for MEDA. In any case and as already mentioned, funds allocated to Tunisia have decreased from the first to the second NIP. This trend is not likely to be reversed.

Thirdly, the offer made to neighbouring countries of 'everything but membership' and 'a stake in the EU's Internal Market' is a present that Arab countries could not afford to accept. Clearly, the Arab countries stand to get some benefits from the four freedoms if they were to be granted. But becoming a quasi-member of the EU and achieving integration in the EU market require a full conformity with the *acquis communautaire*. In other words, national legislation would have to be overhauled to bring it in line with that of the EU. At present, no Arab country has the human or financial resources – not to mention the political will – to undertake such an immense task. Furthermore, since the process will in no case lead to membership, the Arab countries cannot expect to receive the financial assistance that was extended to Eastern European countries to prepare them for membership.

Turning to less concrete issues, two features of the ENP can be underlined. The first relates to the question of conditionality. Under the Association Agreements the non-fulfilment of an obligation by one party could lead the other party to suspend the Agreement. In contrast, involvement in the ENP would be offered only to those countries that share common values with the EU, such as democracy and respect for human rights, and that accept to include in their Action Plans specific actions that demonstrate adherence to these values. Afterwards, renewal of the AP and the extension of benefits would be contingent upon the extent to which

previous commitments will have been fulfilled. However, this switch from what has been called ‘negative conditionality’ to ‘positive conditionality’ raises two practical problems. On the one hand, there is no guarantee that the EU would be able or willing, when negotiating action plans, to include in them actions which it favours but which are opposed by the other party. On the other hand, the method adopted by the EU for monitoring progress towards, and fulfilment of, the contracted obligations is – to say the least – inadequate. For the preparation of evaluation reports, the Commission proposes to draw primarily on information provided by the neighbour, and secondarily on the expertise of international organisations such as the World Bank. Of course, it could be argued that any direct verification by the EU or by a neutral observer would be tantamount to a violation of national sovereignty. But it is difficult to help feeling that respect for sovereignty is once again used as a convenient excuse for not taking a stand on ‘sensitive’ issues or, for that matter, that the ‘flexibility’ to design tailor-made action plans is in fact a tool that allows the EU and neighbours to avoid actions they deem contrary to their interests without being held responsible for the omissions.

Lastly, the ENP does not have the Mediterranean specificity that the EMP had. In addition to the Arab Mediterranean countries and Israel, the ENP includes Russia, Ukraine, Belarus and Moldova. If nothing else, this will mean that (limited) resources will have to be allocated among all members of the group, and it is not certain that EU priorities will be such that the Arab countries will get a fair share of the available resources.

In addition, the elimination of the regional element from the ENP will have another consequence of some importance for the Arab countries. Whereas the EMP provided a forum where the Arabs could exert pressure on the EU to take a firmer stand against Israeli intransigence in the Middle East peace process, the ENP offers no such a venue. It is true that the EU has long argued that the EMP should not be held hostage of the Arab-Israeli conflict, and that the conflict has often been used as an excuse for the EMP not to take up other important issues. But the fact remains that the EU has managed to set aside the burden of having to face a collective Arab voice when designing policies towards the Middle East in general, and Israel in particular.

In conclusion, the ENP is not likely to bring major new benefits for the Arab countries. On the contrary, it may exacerbate existing problems or create new ones. This does not mean that the Arabs should or can cut themselves off from Europe. What the Arabs need to do is find a better position from which to negotiate with the EU. This can be achieved only if the Arab countries negotiate with foreign partners collectively. Ideally, the Economic and Social Council of the League of Arab States can be mandated to be the *vis-à-vis* the EU Commission. In the past, this may have been considered as a desirable option; today it is a vital imperative.