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Ten Years Euro-Mediterranean Partnership
Defining European Interests for the Next Decade
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Introduction

In November 2005, the European Union and its Mediterranean partners celebrate the tenth anniversary of the Euro-Mediterranean Partnership (EMP) that was initiated in Barcelona in 1995. Whereas in the beginning, the so-called Barcelona-Process responded mainly to concerns articulated by Southern EU-members, the necessity of a structured framework for the EU’s relations with Mediterranean countries is nowadays widely recognised among all members of the Union. This is the result of general developments in international relations but also of the establishment of a functioning multilateral framework for structured dialogue and cooperation with Mediterranean partners on behalf of the EU.

However, whether after the first ten years of existence the Euro-Mediterranean Partnership can be considered a success depends largely on the initial expectations attributed to the project. Surely, many shortcomings can be identified, especially if it comes to the concrete implementation of policies within the EMP-framework, but the process has also shown unique strengths on which the EU’s future policy can be built on. First of all, it has to be borne in mind that the “invention” of the EMP-format in 1995 established a totally new policy design for the EU’s Mediterranean policy that had not been tested before. Besides, via the EMP a more or less consistent framework for enhancing relations multilaterally as well as bilaterally could be created. Another non-negligible feature is that the EMP managed to bring together very different partners and to maintain a frequent dialogue even in cases of rising tensions between them. By doing so, the EMP was successful in creating a better climate for the further development of Euro-Mediterranean relations and of Mediterranean-Mediterranean relations as well.
Nonetheless, the process has been far from perfect. After ten years of EMP it is therefore time to evaluate the process but also – and much more so – to look ahead and try to formulate the agenda for the coming years. The identification of future policy areas and the definition of European interests was at the core of this year’s “Mediterranean Forum”. The contributions outline concrete policy needs and attempt to formulate European interests in the respective areas.

The contributions to the “Sixth Mediterranean Forum” have been compiled in the present Discussion Paper. The authors intend to participate in a debate that is crucial for the EU’s future policy towards its Southern neighbours. Not only because of geographic proximity this eventually is also a debate on Europe itself and its future international role.

As in previous years, the “Mediterranean Forum” is part of a larger project of co-operation between ZEI and the Konrad Adenauer Foundation on Euro-Mediterranean issues. It takes place in the framework of Euro-Mediterranean Study Commission (EuroMeSCo) activities. ZEI graciously recognizes financial support of the Fritz Thyssen Foundation.
Given the direct bearing the Middle East peace process is already having on the evolution of the Euro-Mediterranean process, it certainly seems logical for the Europeans to dedicate more attention to Middle East affairs. The complementary nature of the Middle East Peace Process (MEPP) and the Euro-Mediterranean Partnership (EMP) is clear, but the EMP’s potential to make a positive contribution to the stabilisation of the Middle East has yet to be fully realised. This is an area where the EMP political and security partnership needs to focus more of its strategic thinking in the years ahead.

A major difference between Cold War Europe and the post-Cold War Mediterranean is that Mediterranean security issues continue to lack the international political support that multilateral initiatives such as the CSCE had on its side. The Mediterranean area in general, and the Israeli-Palestinian conflict in particular, have not been highlighted regularly enough by such leading powers as the United States, Britain, France, Russia, Germany, the EU, NATO, or the UN to attract the necessary resources to start bridging the differences that exist between enemies across the southern shores of the basin.

The EU on its own lacks the political and economic means to correct the socio-economic and political disparities in the Mediterranean. This is even more the case now that the EU is digesting its largest enlargement of ten new members and is seeking to play a more active international role through its neighbourhood policy. Even more disturbing is the fact that in-
dividual EU member states such as Spain and Italy that have the potential to play a more influential role in the Mediterranean, have so far shown little interest in launching a comprehensive Mediterranean security policy.

In the emerging security landscape of the post-Cold War era, the United States can certainly help make up for some of Europe’s shortcomings along its southern periphery. Co-operating in the Mediterranean could be a policy that assists in strengthening the transatlantic partnership at a stage in history when its entire raison d’etre is being questioned.

The post-Cold War era has already witnessed an increase in both unilateralist and multilateralist tendencies. The end of the Cold War has seen an increase in the proliferation of international interventions that began during the first Bush administration with the invasion of Panama in 1989, the Persian Gulf War in 1991, and the humanitarian intervention in Somalia in 1992. This trend continued during the Clinton years with interventions in Haiti, Bosnia and Kosovo and again in the George W. Bush administration in the wars in Afghanistan and Iraq.¹

One could also think that after the terror attacks of September 11th 2001 Washington would be more interested in helping to avoid the emergence of new fault-lines such as those that threaten neighbouring countries in the Mediterranean. America has however opted to focus its superpower attention on the eastern sector of the Mediterranean basin and beyond in central Asia. Improving the livelihood of the millions of people along the southern shores of the Mediterranean has not emerged as a foreign policy goal, a strategic error that could come back to haunt the superpower in the decade ahead.

If the clash of civilisations scenario is not to attract tens of thousands of recruits in the years ahead the West must find ways of opening further channels of communication with all governments in the Mediterranean, including possible Islamic regimes. Otherwise the slow process of democratisation in the Maghreb and the Mashreq will come to a halt and the wave of anti-Western radicalisation may increase.

Some estimates envisage as many as twenty million people in North Africa opting for emigration into Europe in the coming few years, where salaries are anything between eight to ten times higher than in the South. The emergence of a “Fortress like Europe” where borders are sealed in an effort to discourage possible migrants would only exacerbate this problem further. European policy-makers should recall that large communities of workers originating in sub region of the Mediterranean such as the Maghreb, have already made a significant contribution to the success of European industry.

The perception of racist and exclusionary migration policies towards their kin across the Mediterranean will only aggravate regional social insecurity and could be used as a mechanism to fuel the possibility of a “cold war” between Islam and the West. The proliferation of conventional weapons and weapons of mass destruction since the end of the Cold War increases the serious nature of such a development in contemporary international relations. While there is no questioning the military superiority of the West over any of the countries in the Middle East region, there is no denying that a proliferation of weapons in such a volatile area as the Mediterranean could have serious consequences.

More than a decade since the end of the Cold War there are clearer signs that the East-West divide of the past is being replaced by an international security system where North-South divisions are becoming the dominant feature. Unlike the European continent where the fall of the Berlin Wall ushered in a period of reconciliation, the Mediterranean remains a frontier area of divisions. European and Middle East international region disparities and conflict continue to be the hallmark of Mediterranean interchange.

While the Euro-Mediterranean Partnership has sought to arrest the process of polarisation between the northern and southern shores of the Mediterranean, the post-Cold War era has so far not seen a significant reversal of this

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trend. This structural development is what is stifling the establishment of a co-operative Mediterranean region.

It is however fundamentally clear that the EMP offers a unique opportunity to strengthen political, economic and cultural ties across the Euro-Mediterranean area. But such progress will only be registered if all the EMP partner countries direct their actions at the causes rather than the symptoms of contemporary disparities and security risks. This is not to say that humanitarian and development assistance is not essential, but this should not become a substitute for efforts that are geared towards increasing higher levels of co-operation between the countries of the Mediterranean.

Throughout its thirty years of direct engagement in the Mediterranean the European Union has failed to contain, let alone reverse, economic disparities between the northern and southern countries of the basin. It is also quite clear that little progress has been registered in removing the misperceptions and prejudice that currently exist in the region or in promoting further the principles of respect and understanding. A concerted effort in implementing specific goals in each of the three chapters of the Barcelona Declaration is certainly the most effective way to start tackling such problems.

A decade since the launching of the EMP it is clear that the Barcelona Process is simply a vehicle that can assist those Mediterranean countries that are interested in modernising their societies, their political systems and their economies through the process of post-Cold War transition. But the EMP is only a potential vehicle of change - it is up to the Mediterranean countries themselves to take up the challenge.4

The time has therefore come for the EU to take seriously the concerted call coming from the South to move away from assistance to a true partnership. The EU Common Strategy on the Mediterranean adopted in June 2000 calls for a more interactive and dynamic relationship between the EU and the Mediterranean. It is a strategic perspective that the EU is now starting to

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flesh out through its neighbourhood action plans with countries along the southern shores of the Mediterranean.\textsuperscript{5}

The neighbourhood action plans will also introduce an element of flexibility when it comes to implementing reform programmes. Enhanced cooperation will be possible by allowing those that are able and willing to move ahead to move faster. Countries that are not able or determined to push ahead a reform agenda would do well to abstain, at least temporarily. When reviewing admission of new members careful consideration should be given to their capacity and willingness to implement the Barcelona acquis. Those that are not prepared to adopt such a programme should not be admitted as they will only constitute 'dead weight' for the more performing members of the club.

At the same time, the EU should not be expected to deliver the impossible in the Mediterranean. An analysis of the ability of international organisations to influence regional relations reveals that while they are often capable of having an impact on the regional patterns of relations they are unable to alter the basic pattern of regional alignment and conflict within such international regions. Contemporary EU involvement in the Mediterranean is a good example of an international organisation’s limited ability to influence regional dynamics. The first decade of the EU’s Mediterranean Partnership policy is best seen as a boundary management exercise, rather than a boundary transformation one.\textsuperscript{6}

The EMP’s principal aim has so far been to safeguard the process of regional integration in Europe from that of fragmentation that is active throughout the Middle East. More emphasis now needs to be dedicated to helping improve the outlook of Mediterranean citizens by transforming the area into a more stable and prosperous one.


\textsuperscript{6} Calleya, Stephen, Navigating Regional Dynamics in the Post-Cold War World, Patterns of Relations in the Mediterranean Area, Aldershot, Dartmouth, 1997, p. 186.
A conceptual re-think is thus necessary if the process of political, economic and cultural adaptation is to be a successful one. The process and progress need to be carefully monitored. The question of the social impact of the implementation of a free trade area is not a question of lessons and clichés, but of developing realistic policies to cope with the changes being introduced.

The decision to establish a free trade area is certain to have a social cost. Having decided to implement a free trade area the Barcelona Process calls for all of the Partner countries to co-operate at numerous levels in order to ensure a smooth transition that will include safeguarding the Rule of Law to ensure stability.

A number of additional strategic questions need to be addressed if the challenge of superseding sources of instability in the Mediterranean is to be achieved in the years ahead. The time has come to re-visit the issue of establishing a more coherent and effective link between the Euro-Mediterranean Partnership and two other leading actors in the region, namely the United States and NATO. The enormous task facing the EU in the Mediterranean and the comprehensive nature of the EMP makes it logical to identify measures where both the United States and NATO can play a more direct role in implementing the Barcelona Declaration agenda.7

There is no doubt that both America and NATO can share essential experience they have developed in the Euro-Mediterranean area when it comes to realising the goals set out in the political and security chapter of the Barcelona Process. While neither Washington nor the Atlantic Alliance should be allowed to dictate the EMP course of events, their involvement in contemporary Euro-Mediterranean relations is likely to give a kick-start to the stalemate that has captured the Euro-Mediterranean political and security dialogue. Closer co-operation between Brussels, Washington and the Atlantic Alliance will also boost the chances of implementing the final status

7 Rhein, Eberhard, and Cameron, Fraser, Promoting Political and Economic Reform in the Mediterranean and Middle East, European Policy Centre Issue Paper 33, 18.05.05. See also Calleya, Stephen, op.cit., 2005, pp.131-132.
objectives of the Middle East “Roadmap” once the Israelis and Palestinians are fully committed to such a course of action.

Inviting representatives from the United States and NATO to EMP foreign ministerial meetings will also boost the credibility of such gatherings, just as inviting representatives from the Arab League and the Arab Maghreb Union is already achieving. American and NATO representatives can be invited in an observer’s capacity and allowed to interact with key policy makers seeking to improve Euro-Mediterranean relations.

Another question that needs to be seriously addressed is the extent to which the EU truly speaks a common language when it comes to the Mediterranean. It is not yet evident that all EU member states regard the Mediterranean as a strategic concern. References to a common foreign and security policy sometimes ring hollow when it comes to support of the EMP. All European states should openly declare their commitment to the EMP on the occasion of its tenth anniversary. It will be interesting to observe whether the large increase of non-Mediterranean EU member states results in a diminution of support towards Mediterranean policies. EU member states from Northern and Eastern Europe would do well to remember that security in Europe is indivisible from security in the Mediterranean.

In contrast, Southern EU member states continue to forward Mediterranean oriented policies, even though a consistent and coherent policy framework is quite often lacking. Better co-ordination between the Southern EU member states in the first instance and eventually all EU member states when it comes to implementation of the EMP agenda is a prerequisite to realising the ambitious goals set out in the Barcelona Declaration.

The horrific turn of events on September 11th 2001 is evidence enough of what could happen if the disconnect between different cultures and civilisations is allowed to grow. With the benefit of hindsight, the Barcelona Declaration of November 1995 identified several of the contemporary security challenges that need to be dealt with if the “clash of civilisations” thesis is not to become more of a possibility. 8 Terrorism and the proliferation of

weapons of mass destruction have become household security concerns after the terror attacks of September 11th 2001. The threats that advances in technology have brought are also more apparent as life in the digital age is already demonstrating.

Without a common political, economic and cultural channel of communication misperceptions across the Mediterranean will result in a permanent divide between the prosperous northern shores of the basin and the impoverished southern shores of the Mediterranean Sea. The emergence of such a fault-line would have dire consequences for all peoples in the Mediterranean area and beyond.

**Promoting Political and Economic Reform: What role for the EU?**

In 2005 a number of developments have given rise to speculation that democracy might be breaking out in the Arab world. The most important events include the peaceful presidential elections in Palestine and the spectacle in January 2005 of some eight million Iraqis turning out to vote in the first free elections ever. Encouraged by such developments President George W. Bush publicly called for change even in Saudi Arabia and Egypt, two long-standing authoritarian allies of the US. This theme was echoed in a major policy speech delivered by American Secretary of State, Condoleezza Rice, at the American University in Cairo in June 2005.9

Shortly after the war against Iraq in 2003, the US launched its Greater Middle East Initiative with much fanfare, but with few resources and with no consultation with the EU or indeed the countries in the region. The initiative, now renamed the Broader Middle East Initiative (BMEI) is the flagship foreign policy of Bush’s second term and is a direct response to 9/11 and the ‘war on terrorism’. The BMEI seeks to promote democratic reform across the Middle East region.

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However, although there are some buds of a democratic spring, the 2005 UN Arab Human Development Report paints a bleak picture of democracy’s progress in the region. The report blames the “freedom deficit” for a wide range of ills, including lagging rates of growth, poor performance in science and innovation and widespread human-rights abuses. Oppression is bad for governments too, because it deprives them of legitimacy and provides outside powers with a pretext to intervene in Arab affairs.10

Indeed many Arab regimes practise what the report terms a “legitimacy of blackmail”, sustaining their power by posing as the only bulwark against chaos or a takeover by Islamist extremists. Another common feature is what the authors call the “black hole” state. Arab republics and monarchies alike grant their rulers such unchallengeable power as to “convert the surrounding social environment into a setting in which nothing moves and from which nothing escapes.” The authors describe a life-long system that whittles away personal freedoms, beginning with patriarchalism and clannishness in Arab family life, extending through school systems that favour the parroting of fixed ideas rather than open inquiry, and on through citizenship restricted by arbitrary laws and limits to free expression. Out of 21 Arab countries, 17 prohibit the publication of journals without hard-to-get licences, seven ban the formation of political parties altogether, and three (Egypt, Sudan and Syria) have declared permanent states of emergency that date back decades.

The EU has not been totally serious about using conditionality to promote reform. There are clauses in the Association Agreements (Art. 2) that provide for its suspension in light of violations of human rights and democratic principles but they have never been invoked.

To give it credit the Commission keeps on trying. It put forward a Communication of May 2003 arguing that political reform was the key to achieving sustainable security and stability. The more recent neighbourhood action plans contain a long chapter concerning democracy and the judicial and the EU has proposed a conference on human rights in 2006. Most important,

10 Special thanks to Dr. Eberhard Rhein, Senior Analyst at the European Policy Centre in Brussels, for sharing his views on this issue.
the EU is now openly pledging to increase finance for partners with a clear commitment to political reforms.

It is clear that the pace of political and economic reform cannot be imposed by external actors. Ukraine is a case in point. But who dares to envisage an “Orange Revolution” with the necessary follow-up – clean up of corruption, democratic decision-making and strict observance of the rule of law – in many Arab countries in any near future. Lebanon has come close to it, under special circumstances of political assassination and outside occupation. Of course, the EU should insist on free legislative elections in Lebanon and let it be known that free elections will have a positive impact on future relations with the EU.

Equally, the EU should assist the emerging opposition in Egypt preparing and freely campaigning in the presidential elections in the autumn of 2005. It should let it be known widely that it would consider their fairness as a test case for serious political reforms. Those who press for reforms in the South must have trust in the EU coming to help them in their struggle to promote democracy and human rights. In may be wise to concentrate on a few outstanding examples in the hope and expectation that freedom will have a knock-on effect.

Extending the European Neighbourhood Policy to the South constitutes a step that goes beyond economic technicalities. But it refrains from calling for dramatic changes in governance. Wisely, the 5-year Action Plans that the EU has signed in 2004 with Morocco, Tunisia, Jordan and Palestine are no more than a “check list” of some 100+ specific political, juridical and economic reform steps, among which partner countries are free to choose what suits them, what appears urgent and feasible to them.11

The EU has little control over the implementation of the action plans in the partner countries. It may offer technical assistance (e.g. for twinning devices) or more financial support (e.g. for overdue educational reforms or population policies). But it does, and should not, sit in the driver’s seat. It

should not try to impose itself. If a country does not want to push ahead with reforms it will have to bear the consequences. Nobody will bail it out. It should, however, be fully prepared to assist those countries that are truly willing to engage in reforms. It should focus its limited energy on these, it should even be ready to lend its support to reform agendas partner countries might propose. Sooner or later other countries will follow suit, when they realise the benefits of reforms in their neighbourhood.

Nothing would be more inappropriate than excessive zeal. The EU neighbour countries in the South understand perfectly well the mechanisms and advantages of democracy, respect of human rights, the rule of law and a well-functioning judiciary. But, for various reasons, above all the self-interest of those at the top, their governments fail to take the appropriate action. Their elites benefit too much from the status quo to ask for reforms that may leave them worse off.

To transpose the Ukrainian precedent to the South, the EU should intervene, at the most appropriate level and ideally jointly with other countries, e.g. the USA, in favour of the emerging opposition in Egypt so as to allow it to prepare and campaign, unhampered by any restrictions, in the forthcoming presidential elections in the fall of 2005. It should propose international election monitors to scrutinise the preparation and holding of these elections and let the Egyptian government know that it would consider their fairness as a test case for serious political reforms in the country.

Publishing annual “reform progress reports” for the neighbourhood countries, as the EU has successfully done for the accession countries, will go into the same direction. It will disseminate information, fast, objective and comprehensive, about the reform process around the Mediterranean.

Profound educational reforms should constitute the number one long-term priority in most of the neighbour countries. The EU intends to substantially step up it’s funding in this area and this is something that should be applauded. The EU Commission should, as a matter of urgency, build the necessary in-house expertise. Raising educational standards is a precondition for higher living standards and a viable democracy! Of course, what-
ever educational reforms take place, these should respect the cultural and religious specificities of Arab countries.12

The other over-arching priority area should be the improving of the judiciary, with special emphasis on commercial courts. Its quality is lacking in practically all the neighbour countries. They all need better trained and well-paid judges, appointed for life, acting in full independence from any political influence. As long as international business does not have trust in the effectiveness and independence of the judiciary it will shun the countries around the Mediterranean.

**Europe’s role in the Promotion of the Quartet’s Roadmap**

A decade after the Oslo Peace accords ushered in a sense of euphoria in the Middle East, a new sense of hope emerged in the spring of 2003 with the long awaited publication of the “Roadmap” that is supposed to help Israel and the Palestinians return to the negotiating table after almost three years of bloodshed.13

While publication of the peace plan was certainly a positive development, an assessment of the “Roadmap” clearly indicated that it appeared too ambitious when it came to keeping to suggested timeframes. The delay in publishing the “Roadmap” already resulted in the goals set for 2003 being behind schedule. May 2003 was supposed to see the ending of terror and violence in the region and the commencement of creating Palestinian institutions that will be the backbone of an eventual Palestinian state.

Phase Two of the “Roadmap” between June 2003 and December 2003 was supposed to see efforts focused on creating an independent Palestinian state with provisional borders and attributes of sovereignty, based on a new constitution. This phase will actually start when Palestinian elections have

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been held and will seek to ensure ratification of a democratic Palestinian constitution. During this phase the sponsors of the “Roadmap”, the Quartet that consists of the United States, the European Union, the United Nations and Russia, are also scheduled to convene an international conference to address the issue of supporting Palestinian economic recovery and formally launching the process that will lead to the creation of a Palestinian state. At best, such an international effort may now take place in 2006 after district elections have taken place across the Palestinian territories.

Phase Three of the “Roadmap” that was originally scheduled to take place in 2004 and 2005 is to consist of Israeli-Palestinian final status negotiations that are to iron out differences on all outstanding issues so that a permanent status agreement can be signed. This will be followed by a second international conference to be convened to endorse the agreement reached on a provisional independent Palestinian state. The final agreement would also consist of a permanent settlement of all issues including those concerning borders, Jerusalem, refugees, and settlements. Support will also be forthcoming to support progress towards a comprehensive Middle East settlement between Israel and Lebanon and Syria.

Despite the “Roadmap’s” best intentions, it is evident that this peace plan can only be implemented if the indigenous actors in this conflict are finally prepared to co-exist with one another. While Palestinian President Mahmoud Abbas has consistently expressed that he is satisfied with the targets set out in the “Roadmap” document – it remains to be seen if he will be able to deliver the necessary reforms in the short timeframes indicated.

The other main actor to watch in the months ahead is Israeli Prime Minister Ariel Sharon. His coalition government and the Likud Party itself are certain to put pressure on him to resist agreement on freezing and dismantling of the settlements. Sharon has already indicated that Israel will want to negotiate some parts of the “Roadmap” before moving to the final stages of implementation. This could result in a premature collapse of the entire initiative.

The performance based and goal driven “Roadmap” has been drawn and is to be executed under the auspices of the Quartet. Although the Quartet have pledged to meet regularly at senior levels to evaluate the parties’ performance on implementation of the plan it is clear that only a more direct monitoring and enforcement stance is likely to ensure target dates being respected. The Quartet would certainly boost their profile in the region by appointing high profile envoys to the Middle East to monitor implementation of the “Roadmap”. At very least the Quartet should agree to appoint one envoy to shuttle between the Israeli and Palestinian delegations and be on hand whenever thorny issues risk derailing the entire process.

If the Quartet is to be a credible sponsor of this Middle East peace initiative they must also be seen to be singing from the same song sheet. Differences that surfaced at a transAtlantic level between Europe and the United States over the Iraq war in the first half of 2003 should be completely put aside if the Quartet is to have any influence on the course of Israeli-Palestinian relations. A concerted campaign to end the Israeli-Palestinian conflict and establish a Palestinian state may actually facilitate the task of patching up differences between the great powers and simultaneously improve the perception of the entire Quartet, especially the United States, in the Middle East.

Timing is everything if the roadmap is to be successful. The different phases can only be implemented if the provisions outlined in the previous phase have been achieved. Of course even if the roadmap timeline slips somewhat, the goal of a permanent settlement is what ultimately matters. But a result driven initiative such as the “Roadmap” must be seen to be delivering the goods if the parties concerned are not to lose faith in this international peace plan. My mid 2005, too few results have been achieved to indicate that the “Roadmap” will be successfully implemented in the near future.

After the Oslo experience both Israel and the Palestinians have an enhanced sense of realism. One hopes that the horrific experience of the alternative to peace will help both the Palestinians and the Israelis make the difficult
compromises necessary if a permanent settlement to the Middle East conflict is to be found.

Stability in the Middle East is dependent upon resolution of the Israeli-Palestinian conflict. The international community in general and the United States and Europe in particular, must dedicate the same effort and resolve that they did when dealing with Iraq towards resolving the Israeli-Palestinian conflict. Only then will a significant step have been taken towards transforming the Middle East region, a prerequisite to creating a more secure Mediterranean geopolitical area.

Nevertheless, the European Union will have to advance carefully if it is not to upset the concept of “balancing” in relations between Mediterranean states and their external patrons. If the EU is perceived as attempting to dominate intra-Mediterranean patterns of interaction, non-EU Mediterranean countries could retaliate by becoming less co-operative in their dealings with specific EU member states that have substantial political and economic interests in the area.14

The consequences of such a turn of events would be very high if such a trans-Mediterranean backlash were to include the key oil and gas producers. Perceptions of a more hegemonic EU could also fuel support for political movements that advocate anti-Western policies across the Arab world, adding to insecurity across the Euro-Mediterranean region. The more hard-line European and American security policies that have been introduced since the terror attacks of September 11th 2001 and the instantaneous cable television coverage across the Arab world through such outlets as the Al Jazeera television network have already helped to increase anti-Western sentiments across the southern shores of the Mediterranean, The mishandling of Euro-Mediterranean political and security relations would only further such resentment.

The European Union must therefore seek to implement a Euro-Mediterranean political and security policy that addresses the concerns of both EU and Mediterranean states. Such a policy should be formulated

14 Ibid., pp.63-65.
through an intense political dialogue between EU and Mediterranean countries and implemented in such a manner that everyone’s security rights are respected.

The European Union must also formulate an external affairs strategy towards the Middle East that does not appear to be duplicating Washington’s endeavours to broker a peace settlement in the region and advance reform through the Broader Middle East Initiative. Failure to adopt such a policy will only diminish already scarce transatlantic political and economic resources. It could also lead to a situation where the European involvement in the Middle East is regarded more through a competitive lens than a complementary one.

The fluid nature of contemporary international relations in the Middle East certainly offers the European Union with an opportunity to upgrade its influence in this geo-strategically proximate region. One option that could assist the EU in becoming more effective in the region is to introduce a political mechanism that will allow it to adopt a more regular, rapid and flexible type of involvement in the Middle East.

This could take the form of creating a specific ad hoc committee that would assist the EU’s special envoy to the Middle East. This committee would be mandated to constantly update the EU Commission and the Council of Ministers about regional patterns of relations and peace process developments. The introduction of such a committee would also facilitate communication flows between Europe and the Middle East protagonists, a confidence building measure in itself.

If a Middle East peace breakthrough does not emerge in the near future as a result of the Road Map initiative the international community under the leadership of the United States should step back from the current stalemate and conduct a complete re-assessment of the Middle East situation. The European Union must also do more than simply accept its subordinate role in the region – it is a major economic player in the Middle East and should seek to play as important a political role.

For some reason the EU has so far not sought the active role in the Mediterranean area that one would expect from a regional power that is so geo-
graphically proximate to the Middle East. EU membership of Cyprus in 2004 and potential EU membership negotiations with Turkey starting in 2005 will bring the “Middle East backyard” even closer to the EU’s borders. Until it seeks to play an important political role in this geo-strategic theatre the EU’s aspiration of projecting a common foreign and security policy will largely remain a fallacy.
The Euro-Mediterranean Dialogue and the EU’s Common Security and Defence Policy

Excluding or Reinforcing?

The tenth anniversary of the Barcelona process constitutes an excellent opportunity to reinforce the Euro-Mediterranean dialogue on security and defence issues. However, some political obstacles, including a tense situation in the Israeli-Palestinian conflict, affect negatively such a prospect. In Europe, the constitutional impasse created after the French and Dutch referendums equally casts some doubts on the ability of the EU member states to proceeding with ambitious foreign policy projects. This is not to say that the Barcelona process is at risk, but the psychological impetus needed to deepen the Euro-Mediterranean dialogue might be lacking. In these circumstances, the reinforcement of the Euro-Mediterranean dialogue in security and defence matters, which would be mutually beneficial for all parties, cannot be taken for granted.

Ongoing dialogue

Despite the difficulties, this kind of dialogue between the EU and its Mediterranean Partners is advancing little by little, within the first basket of the Barcelona process. In November 2004, Senior Officials of the EMP responsible for political and security issues held a meeting co-chaired by the Presidency of the EU Political and Security Committee (PSC) on ESDP. At The Hague Euro-Mediterranean Conference, the Ministers for Foreign Af-
fairs adopted conclusions on ESDP dialogue, terrorism and Weapons of Mass Destruction (WMD). In January 2005, the second meeting of the EU Military Staff with military points of contact of Mediterranean partners took place in Brussels. On 1 March 2005, Senior Officials of the EMP responsible for political and security issues discussed partnership-building measures, including civil protection and a proposed Euro-Med seminar on anti-personnel landmines. In April 2005, Senior Officials of the EMP responsible for political and security issues held another meeting co-chaired by the EU PSC Presidency on ESDP. On 31 May, the Luxemburg Euro-Mediterranean conference of Foreign Ministers confirmed those developments. Most recently, on 27 June 2005, a seminar on civilian and military crisis management for practitioners took place in Athens.¹

It is worthy to remember some of the most important references to the dialogue in security and defence fields. The 6th Euro-Mediterranean Conference held in Naples on 2-3 December 2003, referred to dialogue and possible cooperation on ESDP issues.

31. The Ministers welcomed the launching of dialogue and co-operation on ESDP (European Security and Defence Policy), confirming that the dialogue with the EU Political and Security Committee, and at expert level, can usefully add to the range of instruments available under the Barcelona Process. They also stressed that this dialogue should help to familiarise the Mediterranean partners with ESDP aims and instruments, with a view to their eventual, possible cooperation in ESDP activities on a regional, sub-regional or country basis. They recalled that some of the Mediterranean partners already work with the EU in peacekeeping activities (Balkans, Africa) under the UN aegis. The Ministers expressed their belief that further complementary measures, such as civilian crisis management training; co-operation among civil protection authorities, particularly continuing cooperation on a project on disaster management, drawing on the experience of the on-going pilot project, subject to satisfactory evaluation of its results, would constitute a significant addition to partnership building.

Also, the Naples Euro-Med conference continued to support cooperation in the fight against terrorism:

¹ All data are taken from the publication Euromed Synopsis, available at http://europa.eu.int/comm/external_relations/euromed/publication.htm.
30. The Ministers reaffirmed their commitment to fight terrorism in all its forms and manifestations wherever and by whomsoever committed. They stressed their engagement in the full implementation inter alia of UNSCR 1373. They also mandated Senior Officials to further the dialogue on terrorism, including ad hoc meetings, with a view to increasing co-operation in this field. According to that vision, the Ministers reiterated that co-operation on terrorism will be pursued under existing and future regional and bilateral programmes for training and technical assistance to improve the capability to fight terrorism as well as other forms of organised crime without prejudice to respect for human rights and democracy.

This aspect of Euro-Med cooperation was reinforced after the terrorist attacks in Madrid on 11 March 2004. The Dublin mid-term conference of Ministers of Foreign Affairs, held on 5-6 May 2004, concluded:

35. Cooperation should be intensified both at regional level and bilaterally. In the latter context, Ministers mandated the Justice and Security sub-committees existing or currently being established under the Association Agreements to take forward such joint activities at expert level with the aim of improving and assisting the development of counter-terrorism standards and capabilities. The fight against terrorism should also be pursued in the framework of the Action Plans to be agreed under the ENP.

36. Ministers also noted that the informal Ad Hoc Senior Officials and experts’ meeting on Terrorism on 21 April concentrated on an exchange of views on the possibility of engaging in operational joint activities.

Similarly, the Euro-Med conference on 29-30 November 2004 in The Hague, under the Netherlands EU Presidency, mentioned specific measures in the fight against terrorism.

20. The EU and some countries of the region, particularly Morocco, Algeria and Tunisia, have stepped up the dialogue and co-operation on counter-terrorism, which could be extended to other Partners. Cooperation should be developed using a comprehensive approach based on international commitments leading to concrete activities in the fight against terrorism, notably by preventing the financing of terrorism, as well as a dialogue on the underlying factors relating to the recruitment for terrorism. Such cooperation should respect and further the rule of law, human rights and political participation. In this regard, Ministers noted Egypt’s initiative concerning the organisation of an international conference on terrorism and Tunisia’s proposal for a code of conduct on the fight against terrorism. Ministers welcomed progress in the co-operation in the field
of counter terrorism through the holding of an ad hoc meeting on the 10th of November 2004 in Brussels, on terrorism that underlined the importance of this global approach.

In addition to ESDP issues and the fight against terrorism, the Dublin Euro-Med conference on 4-5 May 2004, under the Irish EU presidency, retrieved another topic for the Euro-Mediterranean agenda: the fight against proliferation of Weapons of Mass Destruction (WMD).

37. Ministers instructed Senior Officials to explore possibilities for enhancing dialogue and cooperation on non-proliferation issues, in particular in order to promote universal adherence and effective compliance with all relevant multilateral agreements, and the implementation of effective export/end use control policies. The development of a cooperative mechanism should be examined, as well as the designation of points of contact between Euro-Mediterranean partners. On the EU side, the Personal Representative of HR Solana could assist in this process. The final objective should remain a mutually and effectively verifiable Middle East Zone free of weapons of mass destruction, nuclear, chemical and biological, and their means of delivery, as set out in the Barcelona declaration.

All these developments were welcomed by the European Council of 17 December 2004. The progress report on ESDP approved by the European Council contains explicit references to Euro-Mediterranean dialogue and cooperation.

36. Further progress was made in strengthening dialogue and co-operation on ESDP with Mediterranean partners. More concretely, Turkey and Morocco are participating in the EU military operation ALTHEA. The PSC reviewed the implementation of modalities for dialogue and co-operation with Mediterranean partners and agreement was reached on the format of the ESDP dialogue between EU Member States and Mediterranean partners in the framework of the Barcelona process.

37. The Euro-Med Senior Officials meeting on ESDP, co-chaired by the Chairman of the PSC, was held in November, at which recent developments in ESDP and possibilities and modalities for co-operation were discussed. This format for developing dialogue and co-operation between the EU and Mediterranean partners proved to be fruitful. Furthermore, a meeting was organised by EUMS with the military points of contact of Mediterranean partners. A PSC report on dialogue and co-operation with Mediterranean partners on ESDP was presented to the Euro-Med Ministerial meeting in The Hague on 29-30 November resulting in
agreement that the dialogue should be pursued and should gradually lead to agreed activities.

In spite of the ongoing dialogue, some questions are still pertinent: What is the purpose of the Euro-Mediterranean dialogue on security and defence matters? How can the various security perceptions across the Mediterranean be taken into account? Should this dialogue be translated into action, through specific cooperation measures? Should it focus on ESDP or should it be broader? What kind of specific measures can be envisaged? In a changing international environment, what is the added value of dialogue and cooperation on those issues in the Euro-Mediterranean area?

Political context and participation

The substance of the Euro-Med dialogue in security and defence matters is the common denominator agreed by all partners. Its purpose, thus, will be defined in a consensual and dynamic manner. In 1995, no one could have foreseen the current status of the Euro-Mediterranean dialogue on security and defence issues, and it seems now similarly impossible to predict the shape of this dialogue in 2015. Summing up the documents quoted above, in the last few months the following items have been discussed in the Euro-Mediterranean Partnership:

- Transparency and briefings on ESDP;
- Co-operation in civil protection and disaster management;
- Participation in UN-mandated, EU-led peace operations;
- The fight against terrorism and organised crime.

This list already gives a clear idea of the purpose of the dialogue so far, and demonstrates that the Euro-Mediterranean Partnership has recently adopted a pragmatic approach vis-à-vis security and defence issues. Whether other issues will be agreed between the parties in the future remains to be seen. The pragmatic approach entails defining, on a case-by-case basis, areas in which the partners are ready to discuss and possibly cooperate. A different approach would be to start from the definition of security and defence pri-
orities amongst the Euro-Mediterranean partners, with the aim of determining specific areas of cooperation at a later stage. According to this *conceptual approach*, a Euro-Mediterranean security concept should be drafted in the first place. Just as NATO agreed on a New Strategic Concept in April 1999, and as the EU adopted a European Security Strategy in December 2003, the Euro-Mediterranean partners should – following this approach – prepare a common concept. Given the differences between the EU’s Mediterranean partners, however, this seems a challenging prospect.

Indeed, one main obstacle would be the lack of an overall settlement between Israel and its Arab neighbours. The current situation de facto hampers progress in multilateral schemes such as the Barcelona Process as well as possible sub-regional cooperation in the Eastern Mediterranean. The EU’s Arab EMP partners have continuously underlined that the dialogue on security and defence issues should be understood in the broader political context. Nevertheless, the fact that some measures have been identified and implemented in spite of the political obstacles is a very positive development, beneficial for all partners. It is doubtful that blocking the Euro-Med dialogue on security and defence issues would (a) alter or toughen the EU’s stance vis-à-vis the various disputes, or (b) improve one or the other parties’ respective positions. As regards the EU, it maintains a balanced point of view and seeks a peaceful resolution of the Israeli-Palestinian conflict as well as other aspects of the Israeli-Arab dispute.

On the other hand, difficulties persist in the relationships between Arab countries. It must be remembered in this connection that some of the Mediterranean Partners do not enjoy peaceful and constructive relations between themselves. All in all, the political obstacles affect the conceptual approach (defining common Euro-Med concepts of conflict prevention, security or stability) more than the pragmatic approach. If the latter is pursued, current measures as well as other measures discussed below can be gradually identified and put into practice.

On the other hand, the question of whether the dialogue should be pursued in a multilateral, sub-regional or bilateral framework is crucial. The Euro-Mediterranean dialogue and cooperation on security and defence
issues can be organised (1) multilaterally, if all members of the Euro-Mediterranean Partnership participate, (2) within a sub-regional framework, or (3) bilaterally, i.e. EU-individual Mediterranean partners. The latest Euro-Mediterranean conferences (Naples, Dublin and The Hague, but also the Crete mid-term Conference in May 2003) have opened the door to all three types of dialogue and cooperation. For instance, the Naples conference mentioned ‘possible cooperation in ESDP activities on a regional, sub-regional or country basis.’ After referring to partnership-building measures, the conclusions of the same Naples conference added: ‘If necessary such measures could be on the basis of participation by a limited number of partners, open to others to join later.’

The notion that the three formats of dialogue and cooperation are mutually exclusive must be rejected, since some activities (transparency-building, for instance) might be multilateral, while others (specific cooperation schemes) can be sub-regional or bilateral. The challenge will be non-discrimination within the partnership. This means that all partners should be entitled to participate in all activities, although implementation of this principle may give rise to intricate practical problems. In this context, on 21 December 2004, an important initiative took place in the Western Mediterranean, when Ministers of Defence of the 5 + 5 Group met and decided to launch cooperation at sub-regional level. Ministers of Defence declared:

Nous souhaitons mener cette Initiative dans le but de renforcer la compréhension mutuelle comme mesure de confiance et de nous permettre de gérer les problèmes concernant la sécurité.

Nous considérons que le but de cette Initiative est de promouvoir des activités pratiques de coopération dans les domaines d’intérêt commun pour servir de point de rencontre pour partager nos expériences et nos connaissances.

Fields of cooperation included in the first annual working programme (contribution des ministères de la défense à la surveillance maritime en Méditerranée, à la protection civile, et à la sécurité aérienne en Méditerra-

2 The 5 + 5 Group members are Algeria, France, Italy, Libya, Malta, Mauritania, Morocco, Portugal, Spain and Tunisia. Public information on this initiative is available at: http://www.defense.gouv.fr/sites/defense/actualites_et_dossiers/reunion_interministerielle_55.
ranée) indicate the Ministries of Defence’s willingness to deepen collaboration between them. Although a direct link has not been established (Libya and Mauritania are not members of the EMP), the initiative is compatible with the Euro-Mediterranean Partnership, and could be replicated in other Mediterranean sub-regions. Indeed, it can be argued, the 5 + 5 Ministers of Defence initiative shares the spirit of the Barcelona process.

**Institutional coherence within the EU and coordination with NATO’s Mediterranean dialogue**

Coherence between the Barcelona Process and the European Neighbourhood Policy has improved but continues to be a matter of concern for some observers. The first Action Plans adopted in December 2004 (including those agreed with Israel, Jordan, Morocco, the Palestinian Authority and Tunisia) refer to security and defence issues as well as to ESDP in dissimilar terms. Better intra-European coordination is also desirable with regard to bilateral (i.e. EU member states-Mediterranean partners) activities, on the one hand, and EMP multilateral activities, on the other. A solution that may be envisaged is the creation of an inventory of bilateral and multilateral meetings and measures, where both EU members and institutions and Mediterranean partners could have access to all activities carried out at the various levels. On a voluntary basis, EU member states and Mediterranean partners could communicate a general description of the relevant activities, which would constitute a useful record of Euro-Mediterranean dialogue on security and defence issues.

In the longer term, a future possibility would be the creation of a Euro-Mediterranean institution dealing with information (and studies) on security and defence issues, but this idea depends on a broader decision on institutionalisation of the Barcelona Process. Finally, better coordination is equally required between Ministries of Foreign Affairs and Ministries of Defence not only in Europe but also in all EMP partners.

The Euro-Mediterranean dialogue on security and defence issues, including on ESDP, and NATO’s Mediterranean dialogue are compatible and will surely be pursued in the coming months and years. Transparency, informa-
The Euro-Mediterranean Dialogue and CSDP

tion and partnership on security and military issues are so badly needed in the Mediterranean that both the EU’s and NATO’s efforts in this respect will continue in the foreseeable future. Both organisations need to explain to their respective Mediterranean partners who they are, what they are actually doing and what they intend to do. NATO has recently enhanced its Mediterranean activities at the Istanbul summit in June 2004, whereas, at the same time, the EU and the EMP are also upgrading the Euro-Mediterranean dialogue and activities on security and defence matters.

Bearing in mind that the EU and NATO cooperate effectively on security and defence issues (they have established a productive working relationship for crisis management under the ‘Berlin-Plus’ mechanism), their respective Mediterranean activities could be coordinated in one way or another. Two schools of thought exist on this issue. Firstly, some actors and observers believe that both dialogues should continue in parallel. Coordination is made de facto through exchange of information and participation. For instance, the EU and NATO usually invite officials from the other organisation to seminars and other transparency-building measures, and the same state officials participate in the various activities. Secondly, others think that the EU and NATO authorities, in agreement with Mediterranean partners, should decide upon the political guidelines for conducting both dialogues. This would allow for the appropriate division of labour between the two dialogues, which might be needed when it comes to undertaking concrete activities. The seminar is a good opportunity to explore advantages and disadvantages of both options.

It seems that coordination between the EMP and the Council of Europe’s and OSCE’s Mediterranean activities do not raise major issues. Finally, it must be pointed out that the EU is developing a strategic partnership with the United Nations, particularly for peacekeeping purposes, and is collabo-

3 See general information on the enhanced NATO Mediterranean dialogue and the Istanbul Cooperation Initiative at http://www.nato.int/med-dial/home.htm.

rating with the African Union for crisis management. For instance, the EU’s Africa Peace Facility has funded AMIS, the African Union Mission in Sudan with 92 million euros. The EU also maintains an informal dialogue with the Arab League. On 22 March 2005, Javier Solana, the EU High Representative, participated in the Arab League’s 60th anniversary summit in Algiers.

**Specific cooperation measures**

The Euro-Mediterranean dialogue in this area includes a number of specific activities, which will be examined briefly:

1. Transparency-building
2. Civil protection
3. Participation in peace operations
4. Partnership-building measures.
5. The fight against terrorism and organised crime
6. Weapons of Mass Destruction

**1. Transparency-building**

As a first stage, the main purpose of the Euro-Mediterranean dialogue on security and defence matters has been exchange of information, notably on ESDP, and transparency. In general terms, international rapprochement regarding security and defence issues has been classified as follows: transparency-building measures, partnership-building measures, confidence-building measures, and military cooperation, in a continuum from the lower to the higher end of the spectrum of possible cooperation. This was the case, for instance, during the long CSCE/OSCE process launched in 1975 by the Helsinki Final Act.

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5 On the EU’s involvement in crisis management in Africa, see [http://ue.eu.int/cms3Fo/showPage.asp?id=400&lang=en&mode=g](http://ue.eu.int/cms3Fo/showPage.asp?id=400&lang=en&mode=g).
Even if in the Euro-Mediterranean area the levels of confidence-building measures and military cooperation have not been reached multilaterally, a great deal of progress has been made in the space of a decade. Dialogue and transparency on security and defence issues were almost non-existent across the Mediterranean (with the exception of some bilateral relations) until the 1990s. NATO, OSCE and the WEU started their respective Mediterranean dialogues in the mid-1990s. After having acquired a new security and defence dimension in the late 1990s, the European Union is also involved in an effort to clarify what its security and defence policy is and to understand the Mediterranean partners’ security concerns. Utilising the well-established framework of the Barcelona Process, dialogue and transparency on security and defence issues within the EMP are proving very useful, for they ensure mutual comprehension of the various interlocutors’ priorities, and promote regular exchanges amongst the diplomatic, military, politico-military and political authorities.

Transparency has been carried out (a) via briefings and meetings in the EMP context, and (b) via seminars. Briefings and meetings on ESDP, organised by the EU PSC and later held within the EMP, have been facilitated after the nomination of Mediterranean Partners’ military points of contact in Brussels. As regards seminars, following the Valencia Euro-Mediterranean Conference, the Spanish EU Presidency and CIDOB organised a first seminar on the ESDP and the Mediterranean in Barcelona in May 2002. Thereafter, Greece organised a seminar in Rhodes in November 2002 and another in Corfu in May 2003, and the Italian EU Presidency followed suit. A number of institutes in EU member states, including the German Bundesakademie für Sicherheitspolitik, the Italian CEMISS, the Spanish CIDOB, the French IHEDN, the British RUSI, and the Swedish National Defence College, have held seminars and prepared publications on security and the EMP. The Ministries of Defence have been deeply involved in these activities. The utility of those seminars is obvious, for they offer an opportunity to examine security and defence issues with experts,

diplomats and high-ranking military officers from the EU members and Mediterranean partners, and provide for a debate on such issues multilaterally and frankly.

Greece and the EU Council Secretariat-General organised a comprehensive seminar to share views on civilian and military crisis management amongst all the EMP partners in Athens at the end of June 2005. Also, the EU Institute for Security Studies distributes its publications in all the EU’s Mediterranean partners and invites experts and officials to seminars on issues of common interest, such as for instance a conference held in October 2004 on the relationship between the EU and the Maghreb countries, and a seminar on the security and defence dimension of the Barcelona process on 10 May 2005.7

In transparency-building activities, the problem of the receiving end on both sides of the Mediterranean should be analysed. Current measures mainly involve Mediterranean connoisseurs, be it academics, diplomats or military officers. Visits to EU institutions in Brussels and elsewhere (e.g., the EU Satellite Centre)8 can be very helpful. But if mutual knowledge is to be expanded, it would be useful to widen the audience. For instance, some transparency-building activities could be organised in Mediterranean partners’ capitals, in cooperation with local institutions, in order to involve academic institutions, think tanks, the civil society and the press. Finally, transparency-building raises the problem of reciprocity, which could also be considered during the seminar.

2. Civil protection

The Euro-Med Partnership is dealing with two projects in this domain. Firstly, following a proposal by Egypt and Italy back in 1996, the Senior Officials agreed to endorse a Pilot project for the creation of a Euro-Mediterranean system of mitigation, prevention and management of natural and man-made disasters. Algeria and France later joined Egypt and Italy as

7 Both seminars’ full reports are available at www.iss-eu.org.
lead states. The project, which has received support from all the 35 partners, is based on the common interest in fighting natural and man-made risks and hazards, i.e. earthquakes, floods, forest fires, urban risk management and maritime risk management. For each of these situations, four main types of actions can be undertaken: training and information courses and seminars; exchange of experts; networking of Civil Protection Schools; and short-term technical assistance. Earthquakes, for example, can strike many territories across the Mediterranean. In addition to multilateral cooperation, riparian Mediterranean states actively collaborate between themselves, as Greece and Turkey do, for instance.

According to Pedro Courela, a Portuguese academic, one of the main lessons that can be drawn so far from the pilot project is that ‘through the various training courses and seminars and the exchange of experts, the programme allowed the networking among practitioners from all the participating countries.’ Another lesson would be: ‘The practical nature of civil protection co-operation underlines the pro-active approach that was largely a feature of the Barcelona Declaration. In other words, such a project shows that the EMP does not have to be solely a dialogue, but that partnership can also mean running common projects to address common challenges.’

Secondly, the possibility of establishing an early warning system for tsunami-type waves, originated by earthquakes, in the Mediterranean has been recently analysed at ad hoc Euro-Med Senior Officials meetings.

3. Participation in peace operations

The ESDP provides the Union an operational capacity drawing on civil and military assets to launch missions for peacekeeping and conflict prevention

8 The German presidency of the WEU organised a visit to the Satellite Centre for Mediterranean partners in December 1997. On the WEU Mediterranean dialogue, see WEU Rome Declaration, 16-17 November 1998.
in cooperation with the United Nations.\textsuperscript{10} There is no EU ‘unified military’ or ‘European army’, for the ESDP tasks are undertaken using capabilities provided by the member states. So far, the EU has conducted a number of military, police and rule of law operations, in application of UN Security Council resolutions, on which the EU has informed its Mediterranean Partners regularly.\textsuperscript{11}

EU Operation Althea was undertaken on 2 December 2004, to ensure stability in Bosnia and Herzegovina in accordance with UNSC Resolution 1575 of 22 November 2004. Turkey participates in this Operation, as a NATO member, through the existing arrangements between EU and NATO. Morocco also takes part following an agreement signed by the EU and Morocco on 2 February 2005.\textsuperscript{12} Morocco contributes a significant contingent of 130 troops, and this experience is considered to be mutually advantageous for both the EU and Morocco. The possibility of expanding this type of teamwork to other Mediterranean partners and utilising it for other EU operations (for instance, in RDC) can be discussed during the seminar.

Euro-Med cooperation in peace operations can also be envisaged differently, for there is a whole range of conceivable formats. A Moroccan-Spanish contingent is participating in the Brazilian-led operation in Haiti, in application of UNSC Resolution 1542. Some analysts have floated the idea of mounting NATO-led or EU-led peace operations in the Middle East with contributions from Mediterranean partners.\textsuperscript{13}

\begin{footnotesize}
\begin{enumerate}
\item An overview on ESDP can be found in Nicole Gnesotto (ed), \textit{EU Security and Defence Policy. The first five years (1999-2004)}, EU ISS, Paris, 2004. English, French, German, Italian and Spanish versions are available at http://www.iss-eu.org/public/content/bookse.html.
\item General information on past and current ESDP operations is available at http://ue.eu.int/cms3_fo/showPage.asp?id=268&lang=en&mode=g.
\item Jordan and Morocco already contributed to the NATO SFOR operation, from which Althea took over.
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4. **Partnership-building measures**

It is generally accepted that partnership-building measures within the Barcelona Process have a positive impact on the EMP’s political and security chapter and, therefore – it can be argued – on the future development of a Euro-Mediterranean dialogue on security and defence issues. At The Hague Euro-Med Conference, ‘Ministers encouraged the Commission to continue support for Partnership Building Measures, i.e. the Malta Diplomatic Seminars, co-operation in Civil Protection and Disaster Management and the EUROMESCO network of foreign policy institutes. Ministers welcomed the progress report on Partnership Building Measures under the coordination of Italy and Jordan.’ Other areas for possible cooperation have also been mentioned (land de-mining, maritime safety, and the environment) as is mentioned below.

5. **The fight against terrorism and organised crime**

In addition to those areas of dialogue and cooperation, some other aspects of the Euro-Mediterranean Partnership are related to security and, therefore, could be also considered. As EU documents point out, the fight against terrorism has become an integral part of the EU’s external relations. Justice and Home Affairs (JHA) external measures to combat terrorism have manifested themselves at the multilateral level, through political cooperation and dialogue, and in support to third countries to improve their counter-terrorism capacities. Counter-terrorism clauses are also systematically included in agreements with third countries. The EU equally has an extensive track record in providing JHA assistance, through such programmes as CARDS, MEDA, PHARE and TACIS, to support the efforts of third countries to comply with key multilateral instruments (particularly UNSC Resolution 1373) in such priority areas as: border management; police cooperation; judicial capacity building and combating terrorist financing.

Senior Officials of the EMP responsible for political and security issues have discussed cooperation in the fight against terrorism. The Dublin and The Hague Euro-Mediterranean Conferences (paragraphs quoted above)
referred to this cooperation in some detail. Implementing the 2002 Valencia Action Plan, the Commission has encouraged regional and bilateral cooperation in this field, as the recent Commission document ‘Regional and bilateral MEDA cooperation in the area of justice, freedom and security’ shows. The various MEDA-funded programmes include improving cooperation between police forces in areas such as organised crime and international terrorism and judicial sector reform. The Euro-Mediterranean Ad Hoc Group on Terrorism has proceeded with intense work on this area, including cooperation in combating drugs, organised crime and terrorism, and cooperation on migration and movement of persons. Both the European Commission and the Council have played a crucial role in assisting Euro-Mediterranean officials, and three specific proposals have been identified: training of magistrates, training of police and cooperation in the phenomenon of migration.

6. Weapons of Mass Destruction (WMD)

Another subject that draws the attention of all EMP partners is Weapons of Mass Destruction. As the Commission Communication in preparation for the 10th anniversary of the Barcelona Process puts it, ‘the EU is working with Mediterranean partners to attain the objectives enshrined in the Barcelona Declaration of a Mediterranean region free of weapons of mass destruction and that all countries of the region fully comply with and implement their international obligations in this area. These objectives are contained in the

Association Agreement initialled with Syria and in the Neighbourhood Action Plans.’

With the aim of examining all related issues, the EU CFSP High Representative Javier Solana’s Personal Envoy on WMD proliferation, Annalisa

Giannella, has proposed that a Euro-Mediterranean workshop on this subject, which would take place in 2005, should be held. Indeed, in order to advance the Barcelona Declaration’s objectives in this respect, the EU is proposing to use the MEDA programme to support the implementation of WMD-related commitments, and cooperate in the Euro-Mediterranean context in particular as regards export, transit and end-use controls as well as enforcement procedures.

**Prospects for the future**

In preparation for the Barcelona Euro-Mediterranean Conference that will celebrate the 10th anniversary of the process in Barcelona in November 2005, the Foreign Ministers of the 35 EMP partners will have to decide whether and how current dialogue and cooperation on security and defence issues should be carried on, and whether fresh areas for dialogue and cooperation are ripe to receive a new impulse.

Concerning current measures, it would be desirable to improve their rationalisation and visibility through the definition of an *annual list of activities*, which could be drafted jointly by all EMP partners. Equally, an *inventory* of past and present dialogue and cooperation activities could be created. This catalogue would contain a short description of multilateral, sub-regional and bilateral measures, showing that one of the main characteristics of Euro-Mediterranean initiatives in the security and defence domain is transparency – and also facilitating coordination with other international organisations’ Mediterranean dialogues. The third session of the seminar will be a good opportunity to discuss these ideas.

As far as new measures are concerned, cooperation on *training* for civilian and military crisis management is a task that the partners could take on as a matter of priority. Dialogue and cooperation on *land de-mining*, a theme recently proposed by Belgium, constitutes a very interesting prospect, especially concerning remnants of land mines and ordnance from the Second
World War. Dialogue on this issue should result in enhancement of the Ottawa Convention’s multilateral regime on land mines. Cooperation for maritime and aerial safety in the Mediterranean has already been mentioned in the 5 + 5 Group initiative of December 2004; introduction of this issue into the EMP could also be examined. As regards protection of the Mediterranean environment, the EMP could make an important contribution, even if it should be made in coordination with existing multilateral schemes such as the UNEP Mediterranean Action Plan, the Plan Bleu and the MCSD.\(^{17}\)

More ambitious seems the establishment of military confidence-building measures and military cooperation. However, nothing stands on the way of discussing the creation of multinational forces between Mediterranean partners and between European and Mediterranean partners in the future.

Pursuing current areas of dialogue and cooperation as well as defining new areas will none the less encounter serious challenges. Some are related to the EU itself, some are based on the very nature of the Mediterranean region and some are linked to the transatlantic relationship and the role of the United States in the region.

First, the EU and its member states should realise that effective engagement in the Mediterranean and the Middle East requires a lot of resources and political energy in a long-term, sustained effort. National positions vary greatly in this respect. The EU enlargement to ten new members in 2004 has arguably moved the ‘centre of gravity’ eastwards and northwards. At the same time, some of the key contributors to the EU budget are insisting that this budget should be limited at the time of establishing the next financial perspectives. On the other hand, the suspension of the ratification process following the French and Dutch referendums opens an uncertain period in Europe. Bearing in mind all these developments, it remains to be seen whether the EU will be able to allocate the necessary resources to the

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16 This idea was floated in a seminar organised by the EU ISS under the EU Italian Presidency in September 2003. See report of the seminar at http://www.iss-eu.org/activ/content/rep03-9.pdf.

17 General information on these schemes can be found at http://www.planbleu.org/indexa.htm.
Mediterranean region. The EU Mediterranean partners’ preoccupations concerning the funding of the security and defence dialogue and cooperation are, thus, most pertinent. If the EU is convinced of the utility of this dialogue, it should be ready to meet costs.

Second, the political and economic development of the southern Mediterranean states will not be trouble-free. The Commission Communication in preparation for the 10th anniversary of the Barcelona Process, quoted above, puts the accent on democratisation, good governance and human rights. However, it is obvious that the relationship between democracy, on the one hand, and security and stability, on the other, might be contradictory in some cases. Truly democratic elections in some Mediterranean partners might lead to social unrest in the countries concerned, and anti-European or anti-Western governments, at least for some time. Even so, as most analysts point out, continuous support for democracy, good governance and human rights should be a Euro-Mediterranean priority. One area where good governance and security interact, security sector reform and security sector governance, might be subject to examination within the EMP.

Third, the Euromesco report entitled ‘Barcelona plus: Towards a Euro-Mediterranean community of democratic states’ of February 2005 rightly underlines that efforts towards joint ownership of the process should continue. All EMP members’ security perceptions and priorities should be taken into account. This issue is linked with the prospect of institutionalisation of the EMP. As the Euromesco report puts it, ‘reform of the current institutional design must address the North/South asymmetry and thus de-

vise ways to engage Southern partners actively in the administration of the Barcelona process. A choice should be finally made between intentional under-institutionalization of the Partnership … and the creation of new Euro-Mediterranean institutions, be they sectorial or with a transversal competence, in order to improve the visibility and credibility of the Barcelona process.‘

Fourth, the situation in the Middle East still represents a difficult political environment, which affects the most sensitive aspects of the Barcelona process such as the political and security dialogue. Two recent developments are worth mentioning: the Israeli ‘Gaza disengagement plan’ and the Syrian decision to withdraw its forces from Lebanon. However, these developments should be part of a broader process: the Israeli move must be accompanied by further implementation of the Quartet’s Roadmap, and Lebanon must go through a peaceful political process to the end. If events follow this path, the political atmosphere in the region would improve. Otherwise, well-known protracted disputes will continue to impede regional rapprochement in the Eastern Mediterranean. Those disputes equally are one of the main obstacles that get in the way to the definition of Euro-Mediterranean security concepts and the adoption of a Mediterranean Charter for Peace and Stability.

Finally, the Iraq crisis continues to cast its long shadow over transatlantic relations and over the United States’s stance in the Arab world. Admittedly, since the President George W. Bush’s visit to Europe in February 2005, the language has changed and the EU has established a rule of law mission to help Iraq rebuild its security and armed forces. However, the necessary political synergy between the United States, the European Union and the Middle East actors has not been found.21 The long vicious circle of violence in the region should be transformed into a virtuous triangle, but the moment has not unfortunately come yet. As a matter of fact, American and European efforts for the promotion of democracy and development in the broader Middle East, despite their common objectives, do not always coin-

cide. Lack of coordination between the EU’s and NATO’s Mediterranean activities can, for instance, be interpreted in this light.
When in 1995 the EU agreed on the establishment of the Euro-Mediterranean Partnership, it did so because the end of the bipolar world order had changed international relations substantially, giving way to a resurfacing of the regional level – in positive as well as in negative terms. Whereas the EC countries themselves progressed towards a more integrated regional setting with the Maastricht Treaty and thereby establishing the European Union, Europeans witnessed also the collapse of Yugoslavia and had to realize their helplessness vis-à-vis this process. From this the conviction grew steadily that the EU needed to establish closer ties with countries in its vicinity in order to maybe prevent or at least weaken the negative repercussions of similar developments as witnessed in Yugoslavia. However, back in 1995, the necessity to create a framework for the EU’s relations with countries around the Mediterranean was almost exclusively articulated by Southern EU members that felt more directly concerned by developments in the region than other EU countries. Besides, the Mediterranean EU members identified early the issues that were to become virulent as for example the danger of increasing religious extremism.¹ The policies finally established within the EMP reflected these concerns and were grouped under three partnerships: Political and Security Partnership, Economic and Financial Partnership, and Social and Cultural Partnership. The

good governance agenda was integrated in the Political and Security Partnership.

**The Promotion of Good Governance within the EMP Framework – A Brief Account**

The Barcelona Declaration\(^2\) has been quite clear about the importance EU member states are giving to the respective partnerships. One of the most pronounced priorities has been the development of “the rule of law and democracy” in Mediterranean Partner Countries (MPCs). It is not by accident that this topic is addressed at the beginning of the substantial text of the Declaration, it is rather to underline the importance associated to the subject. Consequently, clearer definitions of what is to be understood by the introductory general terms are included in the document before addressing issues of external security within the Political and Security Partnership. Details concerning the other partnerships follow even further down the document.

The concrete promotion of good governance within the framework of the EMP is implemented by a combination of bottom-up and top-down approaches.\(^3\)

1. Bottom-up measures are put into practice under the MEDA Democracy Programme – now integrated into the European Initiative for Democracy and Human Rights – with a clear preference to contract with NGOs rather than with public bodies for the concrete implementation at a ratio of 25 to 1. By doing so, the Union intends to strengthen civil society organizations within the respective countries because the activation of civil society is regarded as an essential prerequisite for any democratic development.

2. The top-down approach consists mainly in promoting good governance by engaging in direct dialogue with partners in the different forums es-

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3 Cf. for the following Rosa Balfour: Rethinking the Euro-Mediterranean political and security dialogue (ISS, Occasional Papers, 52), Paris 2004, p. 21.
Established under the EMP. This dialogue takes place on various levels, up to the regular conferences of ministers of foreign affairs, the highest body of the Barcelona Process. The inauguration of the Euro-Mediterranean Parliamentary Assembly (EMPA) in March 2004 in Cairo fits also in this approach and is regarded as another important step to intensify the dialogue on the issue of good governance since parliamentarians are not necessarily government-bound and therefore regarded as a possible link to civil society. By the means of the EMPA the EU tries to connect the two approaches mentioned.

**Abilities, Performance, and Obstacles – An Evaluation**

At the outset, the EMP was basically designed as a process to create a framework for multilateral as well as bilateral dialogue and co-operation. As such, it has undoubtedly generated positive effects since it brought and continues to bring together very different partners and managed to maintain a regular dialogue even in cases of rising tensions between MPCs. Outside the United Nations, the EMP is still the only multilateral forum in which Israel and Palestinians meet as two equal members on a regular basis. By achieving the maintenance of such a dialogue, the EMP has been central in creating a better climate to implement concrete policies within the EMP’s three partnerships. It has also helped the EU to gain or maintain a relatively high level of credibility in most MPCs, an asset for its policies that cannot be underestimated. This point is particularly stressed if one looks at the credibility-gap the United States have to encounter in most parts of the region. With reference to the practice in Guantanamo, the U.S. are criticized for using double standards if it comes to human rights, which constitute a central part of the good governance agenda. Besides, many governments in the region regard the U.S. as an occupying power because of their engagement in Iraq. These perceptions have not helped the pursuit of the good governance agenda in general, however, by the means of the EMP, the EU has managed to lessen the negative effects for its own policies – and therefore for the West in general. Nonetheless, looking at the concrete development of governance in the region, the effects of any policy towards good
Andreas Marchetti

governance – let alone democratization – have been virtually zero (Table 1).⁴

Table 1: Good Governance Indicators 1995-2004.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PR</td>
<td>CL</td>
<td>Rating</td>
</tr>
<tr>
<td>Algeria</td>
<td>6</td>
<td>6</td>
<td>NF</td>
</tr>
<tr>
<td>Egypt</td>
<td>6</td>
<td>6</td>
<td>NF</td>
</tr>
<tr>
<td>Israel</td>
<td>1</td>
<td>3</td>
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</tr>
<tr>
<td>Jordan</td>
<td>4</td>
<td>4</td>
<td>PF</td>
</tr>
<tr>
<td>Lebanon</td>
<td>6</td>
<td>5</td>
<td>NF</td>
</tr>
<tr>
<td>Libya²</td>
<td>7</td>
<td>7</td>
<td>NF</td>
</tr>
<tr>
<td>Morocco</td>
<td>5</td>
<td>5</td>
<td>PF</td>
</tr>
<tr>
<td>Palestine³</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Syria</td>
<td>7</td>
<td>7</td>
<td>NF</td>
</tr>
<tr>
<td>Tunisia</td>
<td>6</td>
<td>5</td>
<td>NF</td>
</tr>
<tr>
<td>Turkey</td>
<td>5</td>
<td>5</td>
<td>PF</td>
</tr>
</tbody>
</table>

Legend: PR - Political Rights; CL - Civil Liberties; F - Free; PF - Partly Free; NF - Not Free. The ratings go from 1 (free) to 7 (not free).

² Libya is observer to the Barcelona Process.
³ EU-Turkey relations are also governed by the Accession Partnership with the EU.


The marginal progress in promoting good governance in the region has led to a certain frustration on the European side. The unsatisfactory results in this area can be seen as the consequence of two strategic problems that will need to be overcome:

1. In the eyes of MPCs, the good governance agenda pursued by the EU seems not totally altruistic but rather designed to pursue the EU’s interests and to satisfy its security needs, whereas the partners’ concerns seem to play only a minor role in the Political and Security Partnership. This problem is due to the fact that the EU has designed the whole process of promoting good governance too much from its own standpoint and has not really managed to communicate the positive effects of pursuing the agenda to partner governments or populations. Hence, the EU’s policy in this area – even in cases that it is designed to support domestic civil society organizations – has frequently been regarded as external involvement in domestic affairs. Therefore, MPCs have been reluctant to really consider substantial policy changes.

2. The EU has failed to link the policies established within the three partnerships of the EMP. Although the different themes are covered by the three areas of co-operation, these areas are nonetheless interconnected if it comes to the goals the EMP is designed to attain. However, the quite sophisticated development – even though also below initial expectations – in the economic realm could not be translated into progress in the sphere of good governance. The EU has – as in other areas – shown reluctance to follow a certain hard politics logic with rewards and sanctions. Moreover, the Union itself has only recently begun to be more consequent in promoting the good governance agenda. Even though quite a number of regimes in MPCs are considered authoritarian, the EU has rather tolerated them than to insist on reforms because by introducing change it feared that this might weaken regimes and facilitate the rise of fundamentalism. The problem with this approach is that “authori-

tarianism is a cause as well as a consequence of the democratic deficit™️, classifying a good governance policy that is not concerned with these structures as very short-sighted.

The four C’s to Strengthen the Union’s Good Governance Agenda – An Outlook

The EU has constantly reviewed its Mediterranean policy and is doing so even more intensely in light of last year’s enlargement. Some strategic changes for the future have already been formulated and certain tendencies can already be identified, especially within the newly formulated European Neighbourhood Policy (ENP) that now serves as a framework for the Euro-Mediterranean Partnership. These tendencies, along with the necessary adjustments that have not yet been translated into concrete policies, are based on four general principles, namely coherence, co-operation, conditionality, and communication.⁷

Coherence

The European Neighbourhood Policy establishes a framework for the relations of the EU with countries in its vicinity in the East as well as in the South.⁸ This implies a re-adjustment and the harmonization of existing partnership instruments, leading eventually to the replacement of quite different instruments, such as MEDA or FEMIP by the newly created European Neighbourhood and Partnership Instrument.⁹ This will ultimately lead

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⁶ Balfour, op. cit., p. 20.
⁷ In an earlier article, I identified three general principles (coherence, co-operation, conditionality) to which a communicative component has been added here, cf. Andreas Marchetti: Barcelona, Neighbourhood and beyond. The EU’s long-term strategies for democracy and security in the Wider Middle East (available at: http://www.uni-bonn.de/%7Euzswac/marchetti-barcelona_neighbourhood.pdf).
to a more consistent policy, corresponding to the Union’s ambition to make its policies and its functioning more effective and transparent.\textsuperscript{10} In the case of ENP, this is not only a question of increased inner-EU accountability but also of facilitating a clearer understanding of the EU’s external policy regimes for outside actors.

Apart from this general aspect of a sounder EU policy, the Union should also respect this principle of coherence in dealing with different partners. To ensure its general credibility, any kind of preference-policy vis-à-vis certain MPCs must be avoided because any special treatment – even if it is only perceived as such – would create frustration among other partners and undermine the EU’s overall objectives. This is particularly true for any double standards in human rights issues.

**Co-operation**

Within the EU’s Mediterranean policy, co-operation is already a key element, yet it should be stressed even more in the sense that partners need to be taken more seriously, assuring them that the relations within the EMP framework – despite the fact that the EU is financing the process – are based on equal footing. This has always been at the basis of the principle of co-ordination in the functioning of the EMP.\textsuperscript{11} However, The EU’s stance on democratic reforms and on pursuing the good governance agenda seems to have given some MPCs the impression that behind a co-operative rhetoric is hidden nothing less than a European will to impose EU concepts on the partners and that good governance might as well be translated into the less co-operative concept of regime change. This perception in MPCs has not facilitated the political dialogue.

Bearing in mind the virtually unsuccessful EU policy in democracy-building and in promoting good governance so far, the Union will eventu-


ally have to focus less on democratization in general but rather on the good governance agenda, which can be regarded as less sensible to MPCs, because introducing standards of good governance does not directly put ruling elites’ positions within their countries at stake, making them maybe more willing to co-operate.

The good governance agenda will have to continue to broadly focus on the guarantee of civil rights and the rule of law, the absolute prerequisites for any viable democracy. The guarantee of these rights and liberties might eventually lead to democracy but this must then be a domestic process that will be easier accepted than any externally prescribed concepts. The EU can and must be of assistance but the design of its policy has also to respect the fact that democracy in the Mediterranean – if it is to be viable – can only be built from within, a conviction that is also at the core of the latest Arab Human Development Report. Its analysis and recommendations are generally recognized as a kind of “blueprint” for a successful development in the region. The odds for a long-term process towards democracy along these lines are not too bad since a debate on democracy has already been successfully established within most countries concerned. On the other hand, there is still a disconnect between the debates of an intellectual elite and the rest of the population. However, helping to create a supportive framework must be considered sufficient to initiate further change, because if the EU pushes the agenda too hard, the policy would be considered by MPCs as disregarding their autonomy and sovereignty, resulting in a suspension of efforts.

**Conditionality**

The aspect of co-operation in the described sense does not, however, imply a decreasing commitment of EU policy. The contrary might well be the

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13 This success is generally less attributed to the EMP than to the impact of the AHDR that is originating in the region and therefore regarded as highly objective and sensitive with respect to the structure of societies concerned.
case, especially if the failure to link the three partnerships under the roof of the EMP will be overcome. The basic but wrong assumption for doing so was the conviction that from increasing economic prosperity – the main concern of the economic and financial partnership – democracy would finally emerge. This is not to argue that there is no link between the two areas, but there is no explicit or even implicit automatism as is clearly illustrated by the Chinese model of modernisation without democratization. The hopes for political spill-over from economic development towards better governance in MPCs have not been fulfilled.

Thus, a strong consensus has emerged that the concept that needs to become more relevant than presently is the idea of conditionality. This concept stresses that the EU needs to state clearly what it has to offer to partners and under which conditions it is willing to deliver. In practice, this would lead to a trade-off rather than to a spill-over. The trade-off would take place mostly between the economic sphere and good governance issues. The EU’s determination to introduce this kind of conditionality is already present in the Commission’s “Wider Europe” communication of March 2003. The tendency for an increased willingness to use conditionality in relations with MPCs might also be seen in Art. I-57 of the Constitution for Europe. The article addresses the EU’s relations with its

14 Cf. Emerson / Noutcheva, op. cit., p. 13; Comelli, op. cit., p. 105; Escribano, op. cit., p. 10. The Association Agreements under the EMP-regime have provisions for negative conditionality by threatening the (partial) suspension in case of non-compliance with basic political principles. However, the EU has not made use of these possibilities so far.


16 Cf. ibid., p. 16: “The extension of the benefits [...], including increased financial assistance, should be conducted so as to encourage and reward reform – reforms which existing EU policies and incentives have so far not managed to elicit in all cases. Engagement should therefore be introduced progressively, and be conditional on meeting agreed targets for reform. New benefits should only be offered to reflect the progress made by the partner countries in political and economic reform. In the absence of progress, partners will not be offered these opportunities.“ (bold type in original).
neighbours and states explicitly that these relations will be “founded on the values of the Union”, stressing the increased importance given to the good governance agenda – and putting relations with partners on a very high level by including them explicitly in the EU’s constitutional document. By introducing conditionality in relations with MPCs, the Union’s as well as partners’ positions would be clearer because underlying objectives became more apparent and progress more measurable.

Communication

Whereas in the past “Europeans have opted for short-term stability and a preservation of the status quo”17 and thereby accepting that progress in governance remained more or less insignificant, the EU seems increasingly determined to re-base its policy on the positive correlation seen between good governance and stability. However, after rejecting a policy that is willing to trade off democracy for – fragile and presumably only short-term – stability and security, the EU has to communicate this link also to MPCs. To accomplish this, the EU will have to focus more on the explicit interests of partners and address not only its own external security, but also the internal security in MPCs. This is especially true for convincing the populations – from a European perspective good governance/democracy are regarded as values in themselves, consequently, a policy towards their promotion is normally not considered to need any further motivation. However, this might not be sufficient in the region. Therefore, the EU has to point out the individual benefits of good governance, like for example the guarantee of basic civil liberties, the abolishment of random arrests or other repressive measures, a decrease in corruption for access to public services, in short, the promotion of increased individual liberty and security especially vis-à-vis national executives. If these are the issues that are communicated and put on the agenda, people will be much more encouraged to support change and reform than if the only motivation offered were some abstract concept under the label of good governance/democracy.

To properly communicate the prospective benefits of reforming along the lines of the good governance agenda is crucial for any progress in the field. However, it has to be borne in mind that results are not necessarily positive at all times due to what could be called the security-democratization-dilemma (Figure 1).

Figure 1: The security-democratization-dilemma (schematic).

Clear democracy-building or – to a lesser extend – policies towards good governance imply introducing elements of change into the respective countries. Change, however, might – at least in the mid-term – also lead to a certain degree of instability and therefore an increase of security-threats. Nonetheless, democracy is considered a central factor for internal and external security, and a well-accompanied process of change, leading to the guarantee of civil liberties and favouring economic growth and investment, is conceived to lead to a more stable and secure environment in the long-run. Yet in case of change the period of potential instability cannot be avoided.

Why, then, should the EU and its partners engage in such a process now? The reason why they need to do so is that the alternative – opting for stability by avoiding change – would be worse in the long-run, for the EU as well as for Mediterranean partners. The perspective of leaving the state of Mediterranean societies as it is, might result in some kind of short-term stability but would eventually lead to the – maybe forceful – dissolution of present systems. This would finally result in less stability and security than today, an outcome that cannot be in neither side’s interest. Therefore, despite all uncertainties, it must clearly be in the interest of the EU and its Mediterranean partners to initiate a process of subsequent political change in order to channelize any systemically destructive tendencies. Consequently, introducing change in the region is the only way to eventually generate a win-win-situation for both sides of the Mediterranean – a message that needs to be stressed also with reference to the concept of “common ownership” of the Barcelona Process in order to hold MPCs increasingly responsible as well.

**Conclusion**

Good governance – in terms of concrete policies – has been a somewhat neglected area in the Euro-Mediterranean Partnership so far. This is not because of a general unimportance associated with the issue but because of the fact that results in the area have been far below expectations, resulting in a certain frustration on behalf of the actors. Nonetheless, the conviction is breaking ground that the issue of good governance is one of the most crucial issues for a development in peace and prosperity of the region that will only be implemented successfully by adopting a long-term perspective. Any short-term actionism will in the best case change not much because it is not able to substantially transform societies from within. The consequent implementation of the European Neighbourhood Policy along the basic lines discussed – coherence, co-operation, conditionality, and communication – will facilitate such a long-term process of change significantly – for the benefit of Europe and of Mediterranean partners.
Jan J. Michalek

Economics in the Mediterranean

Common Challenges

The tenth anniversary of the Barcelona Declaration (1995), which formally initiated the Euro-Mediterranean Partnership, is a good occasion to assess the economic achievements of Mediterranean Partner Countries (MPC)\(^1\). In this paper I will describe only some selected aspects of the second pillar of the Barcelona Process, devoted to the “economic and financial partnership”.\(^2\) In the second pillar the declaration talks about the area of shared prosperity with a focus on improving living conditions, accelerating the pace of socio-economic development and reducing the development gap. The performance of MPC will be evaluated in relative terms against the economic position of new EU member states (NMS) from Central and Eastern Europe. The latter countries faced similar challenges during the last decade.

\(^1\) The following MED countries are participating in the Euro-Mediterranean Partnership: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and West Bank and Gaza. (West Bank and Gaza have the status of a "territory").

\(^2\) The number of publications evaluating the 10 years period of Barcelona Process is already quite large. Many detailed studies were made under auspices of FEMISE network (see bibliography for details).
**Shared prosperity: real convergence?**

The simplest indicator measuring the real income convergence is GDP (Gross domestic Product) per capita, expressed in PPP terms\(^3\). The average GDP of MPC increased in comparison to the EU countries, but the population growth was also higher there. Therefore, despite progress made, the average income of Mediterranean countries declined slightly to 18.1 per cent of the average income in EU member states\(^4\). Real convergence was observed only in Morocco, while in other countries there were no changes (Algeria, Egypt) or a relative decline. The relevant data are presented in Chart 1.

Chart 1: Convergence in income level of MPC countries 1994-2004 (GDP per capita in PPP relative to the EU)


Also, the new EU member states face the challenge of real convergence with old EU members, but their situation is slightly different. Their level of GDP is about half that of the EU average, but it is about three times higher

\(^3\) PPP: Purchasing Power Parity (PPP) measures income in terms of purchasing power, which is a better measure of real relative income than the GDP expressed at current exchange rates (prices in developed countries are usually higher).

\(^4\) The special position of Israel should be noticed here. The level of GDP per capita in the country was very close to EU average, and well above average of NMS. But, during the analyzed period it has declined, in relative terms (see: Chart 1).
than in MPC countries. The relevant data for period 1995-2002 is presented in Table 1.

Table 1: GDP per capita (PPP) of selected countries in current US dollars

<table>
<thead>
<tr>
<th>Country/Year</th>
<th>1995</th>
<th>2000</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>4 620</td>
<td>5 430</td>
<td>5 760</td>
</tr>
<tr>
<td>Egypt</td>
<td>2 780</td>
<td>3 550</td>
<td>3 810</td>
</tr>
<tr>
<td>Israel</td>
<td>17 040</td>
<td>20 600</td>
<td>19 530</td>
</tr>
<tr>
<td>Jordan</td>
<td>3 730</td>
<td>3 920</td>
<td>4 220</td>
</tr>
<tr>
<td>Lebanon</td>
<td>3 780</td>
<td>4 210</td>
<td>4 360</td>
</tr>
<tr>
<td>Morocco</td>
<td>2 960</td>
<td>3 480</td>
<td>3 810</td>
</tr>
<tr>
<td>Syria</td>
<td>2 910</td>
<td>3 340</td>
<td>3 620</td>
</tr>
<tr>
<td>Tunisia</td>
<td>4 680</td>
<td>6 270</td>
<td>6 760</td>
</tr>
<tr>
<td>Turkey</td>
<td>5 140</td>
<td>6 250</td>
<td>6 390</td>
</tr>
<tr>
<td>Estonia</td>
<td>6 780</td>
<td>10 280</td>
<td>12 260</td>
</tr>
<tr>
<td>Hungary</td>
<td>9 180</td>
<td>12 320</td>
<td>13 400</td>
</tr>
<tr>
<td>Latvia</td>
<td>5 090</td>
<td>7 610</td>
<td>9 210</td>
</tr>
<tr>
<td>Lithuania</td>
<td>6 190</td>
<td>8 720</td>
<td>10 320</td>
</tr>
<tr>
<td>Poland</td>
<td>7 160</td>
<td>9 940</td>
<td>10 560</td>
</tr>
<tr>
<td>Czech Rep.</td>
<td>11 720</td>
<td>14 000</td>
<td>15 780</td>
</tr>
<tr>
<td>Slovakia</td>
<td>8 620</td>
<td>11 450</td>
<td>12 840</td>
</tr>
<tr>
<td>Slovenia</td>
<td>12 190</td>
<td>16 610</td>
<td>18 540</td>
</tr>
<tr>
<td>Romania</td>
<td>5 610</td>
<td>5 720</td>
<td>6 560</td>
</tr>
<tr>
<td>MPC* (median)</td>
<td>3 730</td>
<td>3 920</td>
<td>4 220</td>
</tr>
<tr>
<td>NMS10 (median)</td>
<td>8 900</td>
<td>11 885</td>
<td>12 840</td>
</tr>
<tr>
<td>EU15 (median)</td>
<td>21 000</td>
<td>25 320</td>
<td>26 920</td>
</tr>
<tr>
<td>EU25 (median)</td>
<td>15 540</td>
<td>19 960</td>
<td>23 755</td>
</tr>
</tbody>
</table>

Source: ILO and Word Bank, Quoted from FEMISE 2005, Annex table 1a.
The data in Table 1 and Figure 1 are not directly comparable because the period of comparison and measures (average versus median) are different.
It should also be noted that during the period of 1995-2003 NMS outperformed (in terms of GDP growth) the MPCs and therefore the real convergence of NMS’ incomes has been perceptible. Basing on data presented in Table 1, the average income of NMS constituted (in 2002) 47.5 per cent of EU 15 and was 42.3% in 1995. So the difference in real income decreased by about five percentage points.

The analysis of other statistical data measuring economic and social progress reveals the similar phenomenon. Despite some progress noticed in MPCs in health indicators, the Mediterranean countries are still lagging behind developed EU members in terms of under-five mortality rate, maternal mortality ratio, and incidence of tuberculosis. Also, in terms of education levels and gender equality, all MPCs, with the exception of Israel, have indicators well below EU member states.

What were therefore the causes of relatively poorer performance of MPCs and relatively better performance of East European countries, being new members of the EU? It seems that all groups of middle-income countries (with no exception of transition East European countries), aiming at accelerating economic growth, had to undergo gradual reforms improving the efficiency of their economies. These reforms usually consisted of:

1. macroeconomic stabilization (low rate of inflation, fiscal consolidation, and external equilibrium);
2. liberalization of trade in goods, services and capital flows;
3. reforms of government and local institutions;
4. creating conditions for accelerated economic growth (high rate of capital formation, stable equilibrium and resistance to internal and external shocks).

Of course, the sequence of reforms is not always the same. In many cases there was a successful combination of institutional reforms and external liberalization. It seems that NMS and many MPC attempted to follow the gradual reforms mentioned above. But the degree of commitment in pursuing these policies was somewhat different.
**Macroeconomic stabilization**

The progress in macroeconomic stabilization of MPC and NMS was visible. All Mediterranean countries were especially successful in avoiding monetary expansion and reducing rates of inflation. The relevant data is shown in Chart 2. Now, all MPC have a reasonably low rate of inflation (below 4 per cent).

Chart 2: The decline of inflation rates in Mediterranean countries (1994-2004)

The success in fiscal consolidation of MPC was much less obvious. Some countries made some progress which was undermined during the years 2002-2003, when the average fiscal budget deficit rose to about 4.4 per cent of GDP. The data is shown in Table 2.

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Table 2: General government fiscal balances, excluding grants (% of GDP)

<table>
<thead>
<tr>
<th>Country</th>
<th>MPC</th>
<th>Algeria</th>
<th>Egypt</th>
<th>Israel</th>
<th>Jordan</th>
<th>Lebanon</th>
<th>Morocco</th>
<th>Syria</th>
<th>Tunisia</th>
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<tbody>
<tr>
<td>1997</td>
<td>---</td>
<td>2.3</td>
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<td>-7.3</td>
<td>-27.4</td>
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<tr>
<td>1998</td>
<td>---</td>
<td>-3.8</td>
<td>---</td>
<td>---</td>
<td>-9.7</td>
<td>-18.3</td>
<td>---</td>
<td>---</td>
<td>-3.0</td>
</tr>
<tr>
<td>1999</td>
<td>---</td>
<td>-2.0</td>
<td>-0.6</td>
<td>-5.1</td>
<td>-7.0</td>
<td>-16.2</td>
<td>-4.5</td>
<td>---</td>
<td>-3.9</td>
</tr>
<tr>
<td>2000</td>
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<td>9.7</td>
<td>-1.8</td>
<td>-3.2</td>
<td>-8.9</td>
<td>-24.6</td>
<td>-6.4</td>
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</tr>
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<td>2001</td>
<td>-4.0</td>
<td>3.0</td>
<td>-2.7</td>
<td>-6.5</td>
<td>-8.0</td>
<td>-18.9</td>
<td>-5.8</td>
<td>2.5</td>
<td>-3.8</td>
</tr>
<tr>
<td>2002</td>
<td>-4.5</td>
<td>0.2</td>
<td>-3.5</td>
<td>-6.3</td>
<td>-10.1</td>
<td>-15.1</td>
<td>-4.5</td>
<td>-1.6</td>
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</tr>
<tr>
<td>2003</td>
<td>-4.3</td>
<td>5.0</td>
<td>-3.3</td>
<td>-8.1</td>
<td>-13.0</td>
<td>-14.6</td>
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<td>-1.6</td>
<td>-3.5</td>
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<tr>
<td>2004 est</td>
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<td>5.2</td>
<td>---</td>
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<td>-5.9</td>
<td>-2.7</td>
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</tbody>
</table>


In fact, in 2004 only Algeria had fiscal surplus due to high prices of crude oil. Fiscal performance of Jordan, Egypt and Israel has weakened in the early years of the 21st century. The reduction in revenues resulted from receding customs duties (resulting from trade liberalization) and the slow pace of the privatization process.

On the other hand, the MPC made significant progress in curbing down external disequilibria. In 2004, a majority of them, with exception of Lebanon, the West Bank and Gaza, despite big volatility, had current accounts in equilibrium (see Chart 3). A large chronic deficit existed in Lebanon only, while large variations were observable in Egypt and Algeria.

Chart 3: MPC external account balances in 2004 (est. in % of GDP)

In conclusion, the MPC managed to make significant progress in macroeconomic stabilization, with the exception of fiscal consolidation. The position of new members states from Eastern Europe during 1990s has been somewhat better. All of them restricted very significantly monetary expansion and reduced inflation rates. A majority of them faced substantial current account deficits, but they managed to finance them by capital inflows (mainly through FDI)\(^6\) and partially by direct transfers from the EU budget. Substantial progress was made in fiscal consolidation as well. Only some of them - recently Poland - had fiscal deficits exceeding 3% of GDP, i.e. above the threshold set within the convergence criteria for future Euroland members. Until 2001 all other NMS, despite some temporary slippages, have managed to maintain the deficit within the 3% threshold (see Table 3).

<table>
<thead>
<tr>
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<th></th>
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<th></th>
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</tr>
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<tbody>
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<td>-1.6</td>
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<td>-3.0</td>
<td>-1.9</td>
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<td>-0.2</td>
<td>0.2</td>
<td>2.5</td>
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<td>0.2</td>
<td>-3.8</td>
<td>-2.7</td>
<td>-1.4</td>
</tr>
<tr>
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<td>-3.6</td>
<td>-1.9</td>
<td>-0.4</td>
<td>-7.1</td>
<td>-1.3</td>
<td>-0.4</td>
</tr>
<tr>
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<td>-2.0</td>
<td>-1.8</td>
<td>-1.0</td>
<td>-0.8</td>
<td>0.3</td>
<td>-4.3</td>
</tr>
<tr>
<td>Slovenia</td>
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<td>0.0</td>
<td>-1.4</td>
<td>-0.8</td>
<td>-0.7</td>
<td>-1.2</td>
<td>-1.0</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>..</td>
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<td>-4.0</td>
<td>-3.7</td>
<td>-3.2</td>
<td>-3.0</td>
<td>-3.2</td>
</tr>
</tbody>
</table>

Source: Word Development Indicators 2004

**Towards globalization: trade opening of economies**

The second important element of efficiency promoting reforms is usually seen in the opening up of the economy. Liberalization of imports, especially reduction of tariffs and elimination of quantitative restrictions, is frequently treated as a core element of reforms promoting trade and improving economic efficiency. All MPC countries made progress in trade liberalization (see Chart 4) but the pace of liberalization was differentiated among those countries.

\(^6\) See the next section on FDI.
Initially, the levels of protection were different, but five countries were considered to have high rates of customs duties (namely: Morocco, Tunisia, Egypt, Algeria and Jordan). During the Barcelona Process, Morocco has reduced its tariffs by around 37%, Algeria, Tunisia and Egypt chose a slower dismantling: during the same ten years their tariffs have fallen by about 6 percentage points (for Algeria and Tunisia) and 8 points (for Egypt). Jordan, on the other hand, has reduced its duties only recently; by over 9 percentage points between 2000 and 2003, meaning a fall of 43% in three years. Yet, the overall level of tariff protection in MPC is still quite high by European standards. The comparison between MPC and NMS tariff profiles in 2003 is shown in Table 4.
Table 4: MFN applied tariff profiles (simple average in 2003, or previous available year)

<table>
<thead>
<tr>
<th>Country: Simple average</th>
<th>Country: simple average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All</td>
</tr>
<tr>
<td>Algeria</td>
<td>18,7</td>
</tr>
<tr>
<td>Egypt</td>
<td>19,9</td>
</tr>
<tr>
<td>Israel</td>
<td>5,6</td>
</tr>
<tr>
<td>Jordan</td>
<td>13,1</td>
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<tr>
<td>Lebanon</td>
<td>5,4</td>
</tr>
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<td>Morocco</td>
<td>30,3</td>
</tr>
<tr>
<td>Syria</td>
<td>19,6</td>
</tr>
<tr>
<td>Tunisia</td>
<td>28,6</td>
</tr>
<tr>
<td>Turkey</td>
<td>10,0</td>
</tr>
<tr>
<td></td>
<td><strong>Average EU</strong></td>
</tr>
</tbody>
</table>


It is quite obvious that the scope of liberalization among NMS before accession was much larger. Average NMS’ tariffs were 2.5 times lower and not very different from the common external tariff (CET) of the EU. The differences between NMS tariffs and CET were more pronounced in the agricultural products. Among NMS only Poland had visibly higher duties; the level of which was comparable to MPC. Now, of course, all NMS apply to imports from third countries the same common external tariff.

Trade liberalization is usually treated only as a means towards the opening up of the economy, which should increase the competitive pressure on the market and the competitiveness of local producers. One of the simplest measures is the ratio of exports and imports to the GDP of a given country. Here, MPC noted some rather limited progress. Since the time of Barcelona Declaration this ratio increased slightly in Jordan, Morocco and Turkey, while in other countries there were no major changes. The relevant data is presented in Chart 6. On the other hand, the NMS, which liberalized significantly their tariffs, witnessed a quite drastic increase of the same ratio (Estonia, Slovakia, Czech Rep. and Hungary). Also, the average absolute level of openness was significantly higher in NMS in comparison with
MPC. The relevant data is presented in Table 4, which shows the share of exports and imports in the GDP of analyzed countries.

Chart 5: Levels of MPC and NMS openness (exports + imports as a percentage of GDP)

In 2002, the average share of exports to GDP in NMS (59%) was almost double comparing to MPC (33%). The same discrepancy was observed in the share of imports (64% to 38%). Of course, one should note that the degree of openness is usually inversely correlated with the size of the country. So, it is quite normal that larger countries, in terms of population and area - like Egypt, Turkey or Poland - are much less open in comparison to quite small countries like Estonia, Slovenia or Slovakia.
Table 5: Measure of openness: Exports and imports of goods and services as a percentage of GDP (simple averages)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>Country</td>
<td>Exports of goods and services (as a % of GDP)</td>
<td>Imports of goods and services (as a % of GDP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Algeria</td>
<td>25 27 31 42 36 36</td>
<td>24 31 22 21 22 26</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td>Israel</td>
<td>31 31 31 40 35 37</td>
<td>44 45 41 45 43 46</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Jordan</td>
<td>50 52 49 42 43 46</td>
<td>82 73 72 68 68 67</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Lebanon</td>
<td>11 12 10 13 14 14</td>
<td>76 65 50 38 44 41</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Morocco</td>
<td>25 27 28 31 33 32</td>
<td>32 34 32 38 36 37</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Syria</td>
<td>26 31 32 38 39 37</td>
<td>38 38 34 30 31 28</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tunisia</td>
<td>40 45 44 44 47 45</td>
<td>46 49 46 48 52 49</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Turkey</td>
<td>14 20 25 24 34 30</td>
<td>17 24 30 32 31 30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Av. MPC</td>
<td>28 30 30 32 33 33</td>
<td>43 43 39 38 39 38</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Czech Rep.</td>
<td>54 54 57 70 71 65</td>
<td>54 58 62 73 73 67</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Estonia</td>
<td>60 72 78 94 89 84</td>
<td>54 80 90 98 93 94</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hungary</td>
<td>31 44 55 75 74 64</td>
<td>32 44 54 79 76 67</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Latvia</td>
<td>80 47 51 46 44 45</td>
<td>73 50 60 54 56 56</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lithuania</td>
<td>23 52 54 46 51 54</td>
<td>20 63 65 52 56 60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Poland</td>
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<td>22 23 30 35 32 31</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Slovakia</td>
<td>70 57 56 72 74 73</td>
<td>74 56 66 74 82 80</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Slovenia</td>
<td>63 55 57 57 58 58</td>
<td>56 57 58 60 59 56</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Average NMS</td>
<td>51 51 54 61 61 59</td>
<td>48 54 61 66 66 64</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>


Finally, there are some differences in trade orientation, reflecting export and import dependencies of analyzed countries on the European Union market (see Table 6). Generally speaking, MPC are less closely related to the EU market. The share of EU market in the exports of MPC is close to 50%, being much lower in the case of Jordan, Israel and Lebanon. In the case of NMS, the average share is close to 62% and only in the case of Lithuania this share is below 50%. This means that East European countries have more incentives to adapt their products to the requirements of the EU market. This is especially important when the EU’s technical regulations and standards are fairly specific and/or restrictive. Also, on the import side the NMS are more dependent (56% is the share of the EU) in comparison to MPC.
The crucial question is to which extent this pattern of trade reflects trade facilitations provided by “Europe Agreements” with NMS and preferences accorded to MPC. It is impossible to answer this question without a quantitative (econometric) analysis. But it seems that other factors, and especially shorter distance and elimination of technical barriers to trade, do play an important role.

Table 6: Trade orientation: share (in %) of exports and imports towards/from the EU Mediterranean Partners – Exports

<table>
<thead>
<tr>
<th>Mediterranean Partners</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>59</td>
<td>65</td>
</tr>
<tr>
<td>Egypt</td>
<td>59</td>
<td>55</td>
</tr>
<tr>
<td>Israel</td>
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<td>32</td>
</tr>
<tr>
<td>Jordan</td>
<td>68</td>
<td>62</td>
</tr>
<tr>
<td>Lebanon</td>
<td>50</td>
<td>70</td>
</tr>
<tr>
<td>Tunisia</td>
<td>63</td>
<td>79</td>
</tr>
<tr>
<td>Turkey</td>
<td>30</td>
<td>51</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>44.3</strong></td>
<td><strong>49.3</strong></td>
</tr>
</tbody>
</table>


One should also take into consideration the specificity of the agricultural sector in MPC and its impact on trade. In fact agriculture is vital for MPC; in most Mediterranean countries it represents 10 to 20% of GDP (as compared to 3% in Europe) and accounts, on average, for more than 20% of employment, as compared to 4.3% in Europe. Agriculture in MPC offers significant opportunities, but at the same time it is subject to major constraints. Opportunities are given through important comparative advantages in fruits, vegetables and fishing, activities where production and exportation reserves exist. Here, the level of support of CAP is much lower compared to continental production. Moreover, the production of fruits and

---

7 There are many empirical studies, based mainly on gravity models, showing the significance of distance for trade flows. See also some empirical studies (WTO, 2004, p. 114-128) On the other hand, some other studies (e.g. Brenton, Manzocchi (2001) or Moenius (1999)) reveal that standards might influence trade flows and patterns.
vegetables that represented an average of 16% of the agricultural production in the EU during these past years, only received 4.5% from EAGGF-Guarantee Section. There are no direct payments made by hectare. The most important products in which MPC demonstrated strong comparative advantages are: edible nuts, fresh fruits, mollusks, olive oil, fruit nuts, oranges, prepared vegetables, grapes, cotton, cut flowers, prepared and fresh fish, potatoes and tomatoes. These products face competition at the EU market from some southern regions of EU countries (Italy, France, Greece, Spain) and from some NMS (red fruits and potatoes). The major exporters are Turkey, Israel, Tunisia and Morocco.

Constraints result mainly from a relatively high level of CET and residual quantitative restrictions (temporary tariff quotas) in this sector. Even if quotas appear not to be very restrictive, they, in fact, might limit significantly the volume of trade. The elimination of trade barriers in agriculture, after the accession in 2004, increased significantly exports of NMS, although it is still premature to quantify precisely the scope of this effect.

Towards globalization: increased Foreign Direct Investments (FDI)

The importance of FDI for an economic performance of a host country is now broadly recognized both by theoretical analysis and empirical studies. Economic reforms pursued by MPC and NMS and macroeconomic stability aimed, inter alia, at attracting foreign investors in both neighboring regions. The success of MPC is quite important. Since the Barcelona Declaration the total annual inflows increased from 3.5 USD billions to 12 billions in 2001, and decreased afterwards to 9 billions in 2003. In absolute terms, the most successful countries from the region were Israel (25 billions), Turkey and Morocco (10 billions each). Recently, also Algeria attracted important amounts of FDI, mainly due to high prices of crude oil.

The relevant data demonstrating the FDI inflows for MPC is presented in Table 7.

Table 7: Net foreign investment (FDI) inflows to MPC, USD millions.

<table>
<thead>
<tr>
<th></th>
<th>Algeria</th>
<th>Egypt</th>
<th>Israel</th>
<th>Jordan</th>
<th>Lebanon</th>
<th>Morocco</th>
<th>Syria</th>
<th>Tunisia</th>
<th>Turkey</th>
<th>MPC (total)</th>
</tr>
</thead>
<tbody>
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<td>734</td>
<td>101</td>
<td>38</td>
<td>165</td>
<td>71</td>
<td>76</td>
<td>684</td>
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<td>253</td>
<td>350</td>
<td>-12</td>
<td>317</td>
<td>62</td>
<td>125</td>
<td>810</td>
<td>1 917</td>
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<td>1992</td>
<td>10</td>
<td>459</td>
<td>539</td>
<td>41</td>
<td>423</td>
<td>67</td>
<td>526</td>
<td>844</td>
<td>2 909</td>
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<td>-59</td>
<td>493</td>
<td>429</td>
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<td>491</td>
<td>176</td>
<td>562</td>
<td>636</td>
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<td>432</td>
<td>3</td>
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<td>251</td>
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<td>13</td>
<td>335</td>
<td>100</td>
<td>378</td>
<td>885</td>
<td>3 649</td>
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<tr>
<td>1996</td>
<td>4</td>
<td>637</td>
<td>1 382</td>
<td>16</td>
<td>357</td>
<td>89</td>
<td>351</td>
<td>722</td>
<td>3 558</td>
<td></td>
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<tr>
<td>1997</td>
<td>7</td>
<td>888</td>
<td>1 622</td>
<td>361</td>
<td>1 079</td>
<td>80</td>
<td>366</td>
<td>805</td>
<td>5 208</td>
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<tr>
<td>1998</td>
<td>501</td>
<td>1 076</td>
<td>1 887</td>
<td>310</td>
<td>200</td>
<td>417</td>
<td>82</td>
<td>668</td>
<td>940</td>
<td>6 081</td>
</tr>
<tr>
<td>1999</td>
<td>507</td>
<td>1 065</td>
<td>3 111</td>
<td>158</td>
<td>250</td>
<td>850</td>
<td>263</td>
<td>368</td>
<td>783</td>
<td>7 355</td>
</tr>
<tr>
<td>2000</td>
<td>438</td>
<td>1 235</td>
<td>5 011</td>
<td>787</td>
<td>298</td>
<td>215</td>
<td>270</td>
<td>779</td>
<td>982</td>
<td>10 015</td>
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<tr>
<td>2001</td>
<td>1 196</td>
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<td>249</td>
<td>2 825</td>
<td>110</td>
<td>486</td>
<td>3 266</td>
<td>12 291</td>
</tr>
<tr>
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<td>1 065</td>
<td>647</td>
<td>1 721</td>
<td>56</td>
<td>257</td>
<td>481</td>
<td>115</td>
<td>821</td>
<td>1 038</td>
<td>6 201</td>
</tr>
<tr>
<td>2003</td>
<td>634</td>
<td>237</td>
<td>3 745</td>
<td>379</td>
<td>358</td>
<td>2 279</td>
<td>150</td>
<td>584</td>
<td>575</td>
<td>8 941</td>
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<td>sum of the above</td>
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<td>10 086</td>
<td>25 216</td>
<td>2 216</td>
<td>1 612</td>
<td>10 785</td>
<td>1 886</td>
<td>6 656</td>
<td>13 578</td>
<td>76 373</td>
</tr>
</tbody>
</table>


The reforms in the NMS were even deeper and broader. As a result, also NMS, labeled some time as emerging economies, managed to attract FDI, coming mainly from the EU and the United States. The relevant data is presented in Table 8.
Table 8: Net foreign investment (FDI) inflows to NMS, USD millions.

<table>
<thead>
<tr>
<th>Year</th>
<th>Czech</th>
<th>Estonia</th>
<th>Hungary</th>
<th>Latvia</th>
<th>Lithuania</th>
<th>Poland</th>
<th>Romania</th>
<th>Slovakia</th>
<th>Slovenia</th>
<th>NMS**</th>
</tr>
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<td>72</td>
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<td>0</td>
<td>0</td>
<td>89</td>
<td>0</td>
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<td>291</td>
<td>40</td>
<td>81</td>
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<tr>
<td>1992</td>
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<td>1,479</td>
<td>29</td>
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<td>678</td>
<td>77</td>
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<tr>
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<td>179</td>
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<td>202</td>
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<td>419</td>
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<td>4,498</td>
<td>263</td>
<td>370</td>
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<td>1997</td>
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<td>267</td>
<td>4,167</td>
<td>521</td>
<td>355</td>
<td>4,908</td>
<td>1,215</td>
<td>231</td>
<td>332</td>
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<td>581</td>
<td>3,828</td>
<td>357</td>
<td>926</td>
<td>6,365</td>
<td>2,031</td>
<td>707</td>
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<td>3,312</td>
<td>347</td>
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<td>7,270</td>
<td>1,041</td>
<td>428</td>
<td>106</td>
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</tr>
<tr>
<td>2000</td>
<td>4,984</td>
<td>387</td>
<td>2,764</td>
<td>411</td>
<td>379</td>
<td>9,341</td>
<td>1,037</td>
<td>1,925</td>
<td>137</td>
<td>21,366</td>
</tr>
<tr>
<td>2001</td>
<td>5,639</td>
<td>542</td>
<td>3,936</td>
<td>163</td>
<td>446</td>
<td>5,713</td>
<td>1,157</td>
<td>1,584</td>
<td>369</td>
<td>19,550</td>
</tr>
<tr>
<td>2002</td>
<td>8,483</td>
<td>284</td>
<td>2,845</td>
<td>384</td>
<td>732</td>
<td>4,131</td>
<td>1,144</td>
<td>4,123</td>
<td>1,606</td>
<td>23,732</td>
</tr>
<tr>
<td>2003</td>
<td>2,583</td>
<td>891</td>
<td>2,470</td>
<td>360</td>
<td>179</td>
<td>4,225</td>
<td>1,566</td>
<td>571</td>
<td>181</td>
<td>13,025</td>
</tr>
<tr>
<td>sum of the above</td>
<td>40,118</td>
<td>4,068</td>
<td>38,471</td>
<td>3,393</td>
<td>3,799</td>
<td>54,758</td>
<td>10,425</td>
<td>10,923</td>
<td>3,684</td>
<td>169,637</td>
</tr>
</tbody>
</table>


In absolute terms, the most successful countries from the region were Poland, Czech Rep. and Hungary. But in relative (per capita) terms, the success of small countries like Estonia, Slovenia and Slovakia is much more important.

The positive impact of FDI on the growth of the host economy is twofold. On the one hand it can increase the rate of capital formation and thus the rate of growth. On the other, it can - mainly via backward and forward linkages with domestic companies - accelerate the rate of technical progress being implemented in the host economy. But it is quite difficult to evaluate the scope of the second effect, while the first one is simpler to measure. Namely it can be asked what share of gross fixed capital formation is made via FDI? This type of data is presented in the subsequent charts.
Chart 6: FDI as a percentage of Gross Fixed Capital Formation (GFCF) in MPC and NMS.

The differences between the two regions are visible. From 1995 to 2002 the NMS financed almost 20 per cent of their GFCF through FDI, while in MPC this amounted to about 11 per cent. In 2003, it declined significantly in NMS. The most successful countries in the Mediterranean region were Israel and Tunisia, but also Jordan and Morocco in an irregular manner. In the East European region the best performing countries were Slovakia, Czech Republic, Estonia and Hungary.

The positive impact of FDI should be transmitted into higher growth through a higher rate of investment. The latter in turn can be measured by a ratio of GFCF to GDP. The relevant data is presented in Table 9. The MPC performed quite well, and especially countries like Tunisia, Jordan, Algeria and Israel. The differences between the regions are not striking, but NMS managed to increase slightly the ratio from 22.5% to 24.4% in the period from 1995 to 2002, while in MPCs the ratio of GFCF to GDP decreased visibly from 25 to 20.7 percent.

**Source:** World Development Indicators 2004.
Table 9: Gross fixed capital formation (as % of GDP)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>27.1</td>
<td>29.1</td>
<td>24.7</td>
<td>22.5</td>
<td>22.7</td>
<td>24.7</td>
</tr>
<tr>
<td>Egypt</td>
<td>19.1</td>
<td>16.2</td>
<td>18.5</td>
<td>17.7</td>
<td>16.4</td>
<td>16.5</td>
</tr>
<tr>
<td>Izrael</td>
<td>23.5</td>
<td>25.3</td>
<td>23.6</td>
<td>19.8</td>
<td>18.8</td>
<td>17.8</td>
</tr>
<tr>
<td>Jordan</td>
<td>29.0</td>
<td>29.6</td>
<td>25.8</td>
<td>21.0</td>
<td>21.2</td>
<td>21.7</td>
</tr>
<tr>
<td>Lebanon</td>
<td>25.0</td>
<td>35.8</td>
<td>26.3</td>
<td>18.1</td>
<td>16.7</td>
<td>18.0</td>
</tr>
<tr>
<td>Morocco</td>
<td>22.4</td>
<td>21.4</td>
<td>20.7</td>
<td>24.1</td>
<td>22.3</td>
<td>22.9</td>
</tr>
<tr>
<td>Syria</td>
<td>23.2</td>
<td>27.2</td>
<td>21.1</td>
<td>19.0</td>
<td>21.3</td>
<td>21.7</td>
</tr>
<tr>
<td>Tunisia</td>
<td>32.3</td>
<td>24.2</td>
<td>24.7</td>
<td>26.3</td>
<td>26.2</td>
<td>25.2</td>
</tr>
<tr>
<td>Turkey</td>
<td>23.6</td>
<td>23.8</td>
<td>26.4</td>
<td>22.4</td>
<td>18.2</td>
<td>17.7</td>
</tr>
<tr>
<td><strong>Average MPC</strong></td>
<td><strong>25.0</strong></td>
<td><strong>25.9</strong></td>
<td><strong>23.5</strong></td>
<td><strong>21.2</strong></td>
<td><strong>20.4</strong></td>
<td><strong>20.7</strong></td>
</tr>
<tr>
<td>Czech Rep.</td>
<td>27.8</td>
<td>32.0</td>
<td>30.6</td>
<td>28.3</td>
<td>27.7</td>
<td>26.3</td>
</tr>
<tr>
<td>Estonia</td>
<td>21.0</td>
<td>25.9</td>
<td>28.0</td>
<td>25.4</td>
<td>26.5</td>
<td>28.5</td>
</tr>
<tr>
<td>Hungary</td>
<td>19.9</td>
<td>20.0</td>
<td>22.2</td>
<td>24.1</td>
<td>23.6</td>
<td>22.3</td>
</tr>
<tr>
<td>Latvia</td>
<td>11.2</td>
<td>15.2</td>
<td>18.8</td>
<td>26.5</td>
<td>27.0</td>
<td>25.7</td>
</tr>
<tr>
<td>Lithuania</td>
<td>23.0</td>
<td>22.0</td>
<td>23.5</td>
<td>19.2</td>
<td>20.6</td>
<td>21.3</td>
</tr>
<tr>
<td>Poland</td>
<td>16.8</td>
<td>18.6</td>
<td>23.5</td>
<td>23.9</td>
<td>20.9</td>
<td>18.6</td>
</tr>
<tr>
<td>Slovakia</td>
<td>32.9</td>
<td>25.2</td>
<td>34.3</td>
<td>29.5</td>
<td>31.3</td>
<td>29.8</td>
</tr>
<tr>
<td>Slovenia</td>
<td>18.4</td>
<td>21.4</td>
<td>23.4</td>
<td>25.7</td>
<td>24.0</td>
<td>22.6</td>
</tr>
<tr>
<td><strong>Average NMS</strong></td>
<td><strong>21.4</strong></td>
<td><strong>22.5</strong></td>
<td><strong>25.5</strong></td>
<td><strong>25.3</strong></td>
<td><strong>25.2</strong></td>
<td><strong>24.4</strong></td>
</tr>
</tbody>
</table>


So, in summing up this section it is possible to state that the NMS in general outperformed MPC in terms of opening up their economies and attracting FDI, coming mainly from EU countries. Did it happen by accident or was it a result of internal reforms and changes occurring in those countries?

**Internal reforms of government and local institutions**

Measuring changes and efficiency of domestic institutions is not an easy task, which became quite fashionable recently. There are already many indicators aiming at estimating this phenomenon. But they are constructed in a different way, take into account various partial indicators and are therefore not directly comparable. Still, all of them give a general picture of the status quo and the direction of changes. Some of these indicators for MPC are quoted in Table 10.
Table 10: Indices measuring reform progress in MPC.

<table>
<thead>
<tr>
<th>Year</th>
<th>Countries</th>
<th>Fraser Institute(^1) Econ. Freedom Index</th>
<th>Heritage Foundation(^2) Econ. Freedom Index</th>
<th>World Bank(^3) Governance index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>Algeria</td>
<td>3,82</td>
<td>2002</td>
<td>3,68</td>
</tr>
<tr>
<td>1995</td>
<td>Egypt</td>
<td>5,80</td>
<td>6,19</td>
<td>3,69</td>
</tr>
<tr>
<td>1995</td>
<td>Israel</td>
<td>5,71</td>
<td>6,63</td>
<td>2,90</td>
</tr>
<tr>
<td>1995</td>
<td>Jordan</td>
<td>6,06</td>
<td>7,03</td>
<td>2,90</td>
</tr>
<tr>
<td>1995</td>
<td>Lebanon</td>
<td>---</td>
<td>---</td>
<td>2,96</td>
</tr>
<tr>
<td>1995</td>
<td>Morocco</td>
<td>5,90</td>
<td>5,90</td>
<td>3,03</td>
</tr>
<tr>
<td>1995</td>
<td>Syria</td>
<td>4,39</td>
<td>5,36</td>
<td>4,15</td>
</tr>
<tr>
<td>1995</td>
<td>Tunisia</td>
<td>5,95</td>
<td>6,31</td>
<td>2,98</td>
</tr>
<tr>
<td>1995</td>
<td>W.B. &amp; Gaza</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>1995</td>
<td>Israel</td>
<td>5,71</td>
<td>6,63</td>
<td>2,90</td>
</tr>
<tr>
<td>1995</td>
<td>Maghreb(^4)</td>
<td>5,22</td>
<td>5,59</td>
<td>3,23</td>
</tr>
<tr>
<td>1995</td>
<td>Mashrek(^4)</td>
<td>5,42</td>
<td>6,19</td>
<td>3,30</td>
</tr>
<tr>
<td>1995</td>
<td>MPCs(^4)</td>
<td>5,38</td>
<td>6,00</td>
<td>3,20</td>
</tr>
</tbody>
</table>

1. The Fraser index runs from 1 to 10. Higher values reflect institutions and policies conducive to freedom for economic activities.
2. The Heritage index runs from 1 to 5. A score of 1 indicates an institutional framework and a set of policies that are most conducive to economic freedom while a score of 5 indicates signifies a set of policies that are least conducive.
3. The World Bank scales run from -2.5 to +2.5, whereby higher values reflect better policies.
4. Arithmetic (simple) average.

Source: quoted from European Commission 2005, p. 16.

Unfortunately, the different indices quoted here do not allow to make clear-cut conclusions. According to the Fraser Institute’s index the MPC made some progress in implementing reforms between 1995 and 2002 and reached a level similar to NMS. The biggest improvement could be observed in Jordan and Israel, while the state of reforms in Syria and Algeria is still modest.

According to the Heritage Foundation, despite some progress, most MPC still belong to the category "mostly un-free countries". Some improvement was observed in Israel, Egypt and Algeria, while slight regress was noted in Tunisia and Lebanon in the analyzed period. The index shows that the reform efforts of MPC were less advanced in comparison with NMS. Finally, the index developed by the World Bank reveals a deterioration in
reforms of MPC. Only Morocco and Tunisia noted minor improvement. According to the WB analysis the regulatory burden constrains private sector development and economic activity appears to be affected by excessive regulation, market-unfriendly policies and corruption.

All indices reveal that freedom of economic activity in MPC is still constrained by high fiscal burdens, strong government intervention in trade, high regulatory burdens and a relatively weak legal framework. Furthermore, substantial public ownership of enterprises and large public consumption distorts private sector activity.\(^\text{10}\)

The quality of domestic institutions (including the level of bureaucracy, law enforcement, transparency and corruption) is one of the key elements influencing the quality of the business climate. Other elements are access to finance, tax regime, quality of human capital and infrastructure. It is not surprising that the quality of business climate usually has significant impact on GDP growth, domestic investment and FDI. The average GDP growth rates for 1990-1999 were positively correlated with the GCI ranking across countries\(^\text{11}\). The relevant data presenting the assessment of business climate in the EU and MPC is presented below.

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\(^\text{10}\) As a consequence of unfriendly environment, black market and informal activities are prevalent among MPC, (with the overall size of the informal sector estimated to vary between 30% and 70% of GDP). Europan Commission (2005).

\(^\text{11}\) European Commission (2005), p.56.
Chart 7: Assessment of the business climate (GCI 2004 scores)

Note: The WEF growth competitiveness index ranges from 1 (worst) to 7 (best).

The indices of business climate in MPC are visibly lower than those of NMS, but Mediterranean countries made some progress in the 1990s. The quality of human capital has improved and the institutions have become more efficient and less bureaucratic. Still, the major goals should include increasing public sector transparency and efficiency, reducing corruption and creating an environment where SMEs and innovations receive the financial support they need. The economic performance and especially the ability to attract FDI, is higher among countries having a better business climate (among them Israel, Morocco and Tunisia) than in the case of other MPC. The overall macroeconomic performance and other indices reflecting opening up of MPC economies have already been described.

**Concluding remarks**

The economic performance of MPC has been quite good since the Barcelona Declaration. Almost all countries managed to reach macroeconomic stabilization. The inflation rates have been curbed down, the fiscal consolidation improved and the external equilibrium was stable. But, there was no progress in real convergence, as measured in GDP per capita.
The Mediterranean countries partially succeeded in opening their economies, as well. The level of import duties has slightly decreased, although the share of imports in the GDP remained almost constant over the analyzed period. But the share of exports has increased slightly, and they attracted additional FDI, originating mainly from Western Europe.

But the success of MPC is somehow limited in relative terms. During the same period the countries from Eastern and Central Europe improved their relative position much more and reached macroeconomic stabilization as well. They were more successful in opening their economies; the tariff liberalization was much deeper and the trade opening much more pronounced. The NMS were also much more successful in attracting foreign direct investments. This was an important source of increasing gross fixed capital formation in those countries.

It seems that there are international legislative issues which can improve the performance of MPC. For example, approximation to EU regulations or ratification of international agreements - which are followed up by actual implementation and understanding of the agreed changes. This process should, for example, limit the restrictiveness of technical regulations and standards for MPC exports to the EU. Only then will policy changes help to improve the business environment.

The improvement to the business climate is crucial and does not necessarily come at a high cost. The quality of domestic institutions (including the level of bureaucracy, law enforcement, transparency and corruption) should be improved. For example, more streamlined procedures for contract enforcement, better protection of intellectual property rights or the establishment of a credit register are important measures which may help to bring about improvements to the business climate, fostering investment and growth.

The relative progress of NMS in improving the business climate and the quality of domestic institutions has been much more pronounced, especially if one takes into consideration the very bad starting position of East European countries in the early 1990s. The ability to reform their econo-
mies in the eve of accession was probably the main reason for better performance of NMS.

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Ludger Kühnhardt

10 Years Euro-Mediterranean Partnership:

The Human Dimension Revisited

I.

When the Barcelona Declaration was promulgated on November 28, 2005, the perspectives for Euro-Mediterranean partnership were not particularly clear. Different actors on both shores of the Mediterranean favored different priorities and the multitude of approaches was hardly able to be accommodated under the umbrella of one declaration. Yet it happened, albeit in particular weak terms regarding the human dimension of the future process. “The participants recognize that the traditions of culture and civilization throughout the Mediterranean region, dialogue between these cultures and exchanges at human, scientific and technological level are an essential factor in bringing their peoples closer, promoting understanding between them and improving their perception of each other.” ¹ The Barcelona Declaration announced “to establish a partnership in social, cultural and human affairs”.² To this day, this promise has remained the weakest part of the Euro-Mediterranean Process.

One of the reasons, if not the dominating one, has been a decade-long absence of formulating common strategic objectives, defining a consistent

² Ibid.
purpose and specifying the actors relevant to apply the available instruments. Moreover: While the Barcelona Declaration remained a paper full of diplomatic niceties, aimed at building bridges without assessing the currents and depth of the waters, the world began to discuss the thesis of an imminent “clash of civilizations”. Samuel Huntington, not the Barcelona Declaration dominated the decade of cultural discourse among civilizations. Although his book was often misinterpreted as a battle cry for civilizational clash – the opposite is true - , the emotional debate surrounding Huntington’s book was indicative for the combination of fear, mistrust and prejudice in the absence of perspective, commonality and focus in Euro-Mediterranean human and cultural relations – on both shores of the Mediterranean.

Huntington was right in stating that for the first time in history, global politics has become both multipolar and multi-civilizational. He was also right in outlining the inherent conflicts between Islamic faith and the evolution of a modern, secular and pluralistic society, law-based and not faith-dependent. Yet, while the implication of this thesis requires sophisticated differentiation and debate, it was overly startling that the whole issue of religion – and notably the impact and relevance of religion for social, economic, cultural and political developments - remained completely absent from the Barcelona Declaration, except for the shallow remark that “greater understanding among the major religions present in the Euro-Mediterranean region will facilitate greater mutual tolerance and cooperation”. How to do this, by whom and to which end were questions left to speculate about, but not being addressed by the Barcelona Declaration.

The same criticism, unfortunately, has to be added as far as the implication of cross-Mediterranean migration is concerned. While dialogue among cultures should mean to “bringing the peoples closer”, the Barcelona Declaration also had to admit “the importance of the role played by migration” (that is to say its problematic importance), as the Declaration recognized by

stating the need to strengthen Euro-Mediterranean cooperation “to reduce migratory pressures, among other things through vocational training programs and programs of assistance for job creation”. Paradoxical: Current Mediterranean migration patterns bring people together, but they are not favorable to bringing peoples together in an amicable spirit. Moreover, the invocation of the positive role of “civil society” contributions to the cultural dialogue remained insufficient: the more the potential of the “civil society” was invoked, the more its imaginary character became obvious. In the absence of a broad civil society on the southern shores of the Mediterranean, but also under the migratory pressure from the Southern Mediterranean to Europe and finally nurtured by the emergence of Islamic radicalism and terrorism, the whole idea of Euro-Mediterranean Partnership as a vehicle to intercultural dialogue was put to the back-burner. What should have been the priority and the ultimate goal of the process became its main liability. The regular encounter of professional groups only proves the absence of a real public sphere across the societies of all Euro-Mediterranean partners.

II.

Ten years after the Barcelona Declaration was promulgated, its flaws must be addressed in order to learn for the next decade of Euro-Mediterranean relations. Self-critical assessment has to include the realization that external factors and fear have dominated and focused the feeble agenda of 1995: The US-led focus on democratization of the Greater Middle East has gained more attention than practically all the valuable efforts stemming from the Barcelona Declaration’s goal to support civil society, rule of law and good governance in Europe’s Southern Mediterranean partner countries. This might be an unfair assessment and judgment, but by and large so it is. While the Barcelona Declaration was a document of diplomatic bridge-building, it could not serve to prioritize the need for reforms in the Southern partner countries aimed at enabling a viable and effective dia-

5 Ibid.
logue among cultures. The deficits in civil society-formation among most Southern Mediterranean partner countries have been analyzed extensively.\textsuperscript{6} The fact that by 2005 the momentum has shifted from civil society and grassroots-level activities in promoting democracy to the “big picture” of overall political reform and democratization, if not regime change has not been induced by the Barcelona Process. Sure, the rich European experience with ten years of the Barcelona Process and the continuously refining character of EU policies can certainly become useful for the implementation of the overall goal of democratization and political reform. But the EU cannot credit the Barcelona Process to have unequivocally shaped this overall target and strategic goal. It became priority only as a consequence of American policies favoring regime change in Iraq, supported by the highly valuable work and impact of the UN-sponsored Arab Human Development Report\textsuperscript{7}. US policy towards the Greater Middle East might have been unwise, driven by fear and not by a comprehensive strategy, and it might have been based on hubris and arrogance. In any case, US policies have created facts. The UN-sponsored Arab Human Development Report has focused the debate on reform in the Arab world more than the EU could have hoped for to achieve through all its available means of dialogue and cooperation.

Unfortunately, one has to concede that politics of fear has even increased in Europe throughout the last decade, often due to the effect of legal and illegal patterns of migration from the southern shores of the Mediterranean. At the same time, the rather limited circle of friends of the Euro-Mediterranean partnership has not been broken in order to anchor the meaning of this process in the broader political and public discourse across the EU. The dialogue of civilizations as part of the Euro-Mediterranean Partnership remains a promise and has not become a reality yet.

In order to have an impact in the Euro-Mediterranean context and beyond, the European Union must reassess priorities, goals and instruments of its intercultural ambition. The analysis must be honest, the question of who

can act how, where and to which aim has to be addressed in a more focused way, and substantial priorities cannot shy away from taboos, including the importance of religion for any serious dialogue among the Mediterranean civilizations. Europe’s religious exceptionalism – stronger secularization than anywhere else in the world coupled with a widely spread conviction of the superiority of its secular humanism – must find a critical assessment if Europe wants to be taken seriously as a partner of inter-cultural and inter-religious dialogue in the Southern Mediterranean.

III.

To give the human dimension in the Euro-Mediterranean Partnership solid meaning during the next decade, two “hot potatoes” have to be dealt with in the process of reassessing the EU’s approach. One issue is migration, the other issue is the inter-religious dialogue. While the first issue is currently dominated by instincts of fear, the latter one is hampered by superficiality and ignorance. As none of it is helpful for refocusing the human dimension of the Euro-Mediterranean Partnership, both matters have to be reconsidered.

In light of this migration to the European Union from the countries of Northern Africa or the Arab Middle East is the function of socio-economic deprivation and absence of free societies among EU partner states. By 2020, Arab countries will have to generate 100 million new jobs for their young and growing population. In the absence of realistic perspectives, millions of young Arabs might want to migrate to Europe, no matter the cold reception they usually receive in Europe. As worrisome for Europe should be the age gap between the EU and the Arab world. In 2050, a young Yemenite will be 32 years younger on average than the average European. While the latter is contemplating health and pension issues, the Yemenite will still be concerned about his own productive future and certainly that of his children. The main focus of the EU’s strategy towards the societies of the southern shore of the Mediterranean must be directed to

improve the perspectives for decent living in all countries of the region. Yet, migration – legal and illegal – will continue into the European Union although many migrants know that they are not very warmly received and rather have to confront a second-class citizen life in most places. Since 2003, Spain has been the largest recipient country of migration to the EU. From 1.6 million people migrating into the EU in that year alone, 594,300 came to Spain alone. This was more than twice the migration Germany (144,900) and France (55,000) combined experienced. Italy has become the second largest recipient of migrants to the EU (511,200 in 2003).  

In light of this migration pattern, the European Union must reconsider the human dimension of its Euro-Mediterranean Partnership. This necessary recalibration has two directions. On the one hand, the EU must keep migration into the EU manageable and legally-based. This requires a common migration policy with clarity about the goal and size of migration into the EU. It also requires an EU Border Police to prevent illegal migration into the EU. This is the only way in order to de-criminalize migration and to recognize the legality of those migrants who come to the EU with consent of the EU and its member states. The human dimension concerning migrants must begin in Europe by way of recognizing migrants - that is to say acknowledged migrants who come to the EU in line with strategic objectives concerning their value and purpose - as human beings and as a positive contribution to the EU’s future. Beside an increased focus on the development of human resources in the southern partner countries, beside the quest for socio-economic progress and political reforms in the partner countries, beside the need to balance the reception of migrants across the EU, the European Union needs to contribute to a changing perspective among its citizens as far as the effect of migrants into the EU is concerned. Against the overall prejudice that migrants pose as burden to the European society – while yet they are welcome as cheap annual laborer, not only in seasonal jobs – the EU should generate a campaign to promote the enriching effect of migration for the overall European development (certainly in light of the productivity gap with the US and the demographic deficit inside

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the EU). This has a robust economic component as far as growth generation, productivity, and sometimes even the creation of jobs through entrepreneurial activities of migrants are concerned. Migration has a cultural dimension as far as the broadening of European horizons is concerned. Most importantly, however, migration should be re-defined as a contribution to reinvigorate European society. Failing to do so does not resolve any of the objective problems related to migration. Europe would only impose a burden of pessimism on its own shoulders. After all, Europe can’t be so bad, absent of optimism and potential, if so many migrants come or want to come. As they do not only bring problems and primarily pose a burden, the attitude towards them should rather be a welcoming one. This however can work only if reciprocity is involved. Migrants must respect the local way of life, its dominant culture, and, most importantly, its rules of law. The EU should develop instruments that can grant migrants some sort of a temporary citizen status, not equal to full citizenship – and if so only on the basis of complete readiness to integrate into the host society -, but a sort of temporary inclusion into the host community on the very local level. Such a status must define rights and duties in order to give migrants a voice, frame their life in Europe as one of pro-active contribution to their host community instead of one they are forced to perceive as adding burden and problems. As long as migrants come to Europe and live in Europe, they simply must be recognized with all rights and duties in the local community without granting them full EU citizen status. The EU must develop some sort of status that can encompass recognition and participation, rights and duties, and it must do so in a way different from the problematic notion of dual citizenship.

European city planning must address the danger of growing outskirts with an emerging character of socio-cultural slums. European cities must contribute to the necessary mix of children in local schools against the trend of ghettoizing migrants – mostly with Arab or African background – while the indigenous population is escaping into other parts of the inner cities. European cities must become much more pro-active to turn migrants into ordinary neighbors. As for the migrants, the key to recognition is their readiness to abide to local law, to prevent the danger of self-ghettoization
by sticking to one’s own cultural group, and most importantly, to acquire a high level of proficiency of the local language. The human dimension in the Euro-Mediterranean partnership will only succeed if Europe’s cities and local communities get involved by realizing Europe has become a continent of immigration and that the patterns of this migration have turned many of Europe’s cities into “Mediterranean cities” even if they are not physically located at the shores of the Mediterranean.

The “forma mentis” of the Mediterranean, “this identity in doing” things together, as Malta’s former President Guido de Marco put it, should not be idealized. It is, at best evolving as a “correct interaction between the peoples of this sea”, he added. As far as migration from the Southern Mediterranean to Europe is concerned, one should not reduce the focus to overly intellectual expectations: The majority of migrants from the Mediterranean’s southern shores belong to the labor class. To idealize their way of life can easily be criticized as cynical. Their preferred way of life might also not facilitate lasting contributions to the intellectual enrichment of Europe’s indigenous identity. Yet, as long as Europe accepts migrants from the Mediterranean’s southern shores, they must be treated with respect and dignity. This is not a plea for romantic multi-culturalism. It only is the realistic recognition of a kind of diversity Europe has to learn to live with. Europe might prefer to build barriers to migration, but in light of the current fact this does not seem to be plausible, nor would it make economic sense. Europe must overcome its mentality of fear if it wants to redefine the issue of migration, and most notably Muslim migration. It is here that inter-religious dialogue becomes essential, because it can bind intellectuals and non-intellectuals alike.

The most natural element of cultural identity for most migrants to the EU with a home in countries of the Southern Mediterranean is their respective religion. No matter whether laborer or intellectual, the Islamic faith is distinctively different from the majority population surrounding migrants in the EU. This is why the need for an inter-religious dialogue is the most evident starting point for a genuine human dimension in the Euro-Mediterranean Partnership. The EU must revise its absence of a genuine religious component in its perspectives for the human dimension in Euro-Mediterranean Partnership. Instead, it must emphasize the potential of inter-religious dialogue as the fundamental cultural root to energize the human dimension of Euro-Mediterranean encounters among the societies on both sides of the Mediterranean at large, European and Arab countries in particular and between Europeans and Muslim migrants in the widest possible outreach. The issue is not a new openness for religion as such, but the issue is one of reflecting again about the role of religion in society and in public life. The EU should not only focus on political encounters, but should encourage EU citizens to go ahead and pave the ground for a most natural human dialogue of cultures, religions and traditions, intended to learn from each others difference as a key to forge bonds of united commitment in dealing with the overall challenges of modern life and society. This, of course, requires that Europeans know of their own religion and the religion of Christianity, which has shaped Europe’s identity even if many Europeans might not appreciate or accept this any longer. Guido de Marco, the former President of Malta, so aptly stated: “To neglect the cradle that nurses Europe is to abandon the roots of Europe.”

Inter-religious dialogue brings the human dimension of the Euro-Mediterranean Partnership to its center and into the European Union. Muslim migration to Europe often tends to be exaggerated. The feeling of its threatening character is often a function of three interrelated components: exaggeration of the size of Muslim communities in Europe, devaluation of faith and knowledge about religion among the indigenous (that is to say by

10 Ibid.: 11.
and large Christian) European population, and a superficial approach to the very issue of inter-religious encounter. In most EU member states, the Muslim population has become the second biggest religious group. Yet, the absolute numbers show its relative size. Exaggeration of these facts is wrong, shying away from their effect simply impossible. The EU should be sensitive not to confound “normal” Muslims with those radicals, whose Islamic fundamentalist ideas and actions are a threat to liberal-pluralist societies indeed. Having said this, one must also self-critically approach the devaluation of religious convictions among many formal (or only formerly) Christians in Europe. As far as its secularization is concerned, Europe has become the exceptional continent. It could not have come as a surprise that the debate about the inclusion of its Christian heritage and current reality into the European Constitution had only a very limited success.

The reluctance to include the invocation of God in the European Constitution’s preamble reflected the uncertainty over religion and its consequences among “Christian Europe” itself. In the early 21st century, not only overly pious observers were astonished about the “precipitously declining religiosity” in Europe. A Gallup millennium survey of religious attitudes in 1999 and related surveys had brought awareness to the fact that for 49 percent of Danes, 55 percent of Swedes and even 65 percent of Czechs God did not matter, while 82 percent of Americans stressed that God is “very important” in their life. 48 percent of West Europeans hardly ever go to church, for Eastern Europe the figure was a little lower than 44 percent.

“The Eurobarometer” surveys uphold the importance of religiosity in the life of all European people. However, the gap between theory and practice could not be bigger and it is often their uncertainty about the public sphere of religion that makes many Europeans to react almost helpless in the face of the firm belief of others. But even Christian believers might have to confront resentment, pressure or cynicism as the Italian candidate for the office of an EU Commissioner, Rocco Buttiglione, in 2004. His faith prevented

12 Ibid.: 237.
## Muslims in the European Union

<table>
<thead>
<tr>
<th>EU member state</th>
<th>Total population(^{13})</th>
<th>Muslim population</th>
<th>Percentage of Muslim population(^{14})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>8.208.000</td>
<td>372.800</td>
<td>4.2 %</td>
</tr>
<tr>
<td>Belgium</td>
<td>10.457.000</td>
<td>382.870</td>
<td>3.7 %</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>7.746.000</td>
<td>950.000-1.000.000</td>
<td>12-13 %</td>
</tr>
<tr>
<td>Croatia</td>
<td>4.443.000</td>
<td>58.500</td>
<td>1.3 %</td>
</tr>
<tr>
<td>Cyprus</td>
<td>762.000</td>
<td>210.000</td>
<td>22 %</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>10.239.000</td>
<td>20.000-30.000</td>
<td>2-3 %</td>
</tr>
<tr>
<td>Denmark</td>
<td>5.419.000</td>
<td>151.500</td>
<td>2.8 %</td>
</tr>
<tr>
<td>Estonia</td>
<td>1.341.000</td>
<td>5.000-10.000</td>
<td>0.36-0.72 %</td>
</tr>
<tr>
<td>France</td>
<td>62.095.000</td>
<td>5.000.000</td>
<td>8.1 %</td>
</tr>
<tr>
<td>Finland</td>
<td>5.246.000</td>
<td>21.000</td>
<td>0.4 %</td>
</tr>
<tr>
<td>Germany</td>
<td>82.583.000</td>
<td>3.400.000</td>
<td>3.9 %</td>
</tr>
<tr>
<td>Greece</td>
<td>11.085.000</td>
<td>372.600</td>
<td>3.5 %</td>
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<tr>
<td>Great Britain</td>
<td>59.754.000</td>
<td>1.591.000</td>
<td>2.7 %</td>
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<tr>
<td>Hungary</td>
<td>10.064.000</td>
<td>3.000</td>
<td>0.02 %</td>
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<tr>
<td>Ireland</td>
<td>4.177.000</td>
<td>10.000</td>
<td>0.2 %</td>
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<tr>
<td>Italy</td>
<td>58.344.000</td>
<td>705.000</td>
<td>1.2 %</td>
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<tr>
<td>Latvia</td>
<td>2.306.000</td>
<td>3.000</td>
<td>0.12 %</td>
</tr>
<tr>
<td>Lithuania</td>
<td>3.423.000</td>
<td>7.000</td>
<td>1.9 %</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>462.000</td>
<td>7.500</td>
<td>1.6 %</td>
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<tr>
<td>Malta</td>
<td>404.000</td>
<td>3.000</td>
<td>0.8 %</td>
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<tr>
<td>Netherlands</td>
<td>16.338.000</td>
<td>750.628</td>
<td>4.6 %</td>
</tr>
<tr>
<td>Poland</td>
<td>38.091.000</td>
<td>4.000</td>
<td>0.005 %</td>
</tr>
<tr>
<td>Portugal</td>
<td>10.609.000</td>
<td>40.000</td>
<td>0.4 %</td>
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<tr>
<td>Romania</td>
<td>21.489.000</td>
<td>90.000</td>
<td>0.4 %</td>
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<tr>
<td>Slovakia</td>
<td>5.380.000</td>
<td>10.829</td>
<td>0.2 %</td>
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<tr>
<td>Slovenia</td>
<td>1.998.000</td>
<td>30.247</td>
<td>1.6 %</td>
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<tr>
<td>Spain</td>
<td>41.545.000</td>
<td>402.000</td>
<td>1.0 %</td>
</tr>
<tr>
<td>Sweden</td>
<td>9.077.000</td>
<td>305.500</td>
<td>3.4 %</td>
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him from being acceptable for public office – a unique case of religious persecution in post-totalitarian Europe and astonishing for a continent being so proud of its protection of human rights, the right of religious freedom including.

Under such circumstances, the first step for a serious and respectful inter-religious dialogue must be for secularized Europe to regain competence of religion, respect for faith and more recognition of its own religious roots. Only proper rooting in one’s own tradition can help to open up in honesty to others. A dialogue of tolerance that remains limited to the invocation of secondary virtues all religious traditions share will easily end as an act of shallow relativism and agnostic syncretism. It is therefore overly important to reflect on the meaning of the term “spiritual ecumenism”, which Pope Benedict XVI. has used in his first encounter with leaders of other Christian communities and, moreover, with religious leaders from across the world, Muslims including. Only one day after the beginning of his pontificate, this encounter of the new Roman-Catholic Pope was a remarkable sign of hope that the Catholic church – after all the biggest Christian church on the European shores of the Mediterranean – will take the leadership in an honest religious dialogue that is based on respect for each others faith, certain of one’s own faith and standpoint, and only thus capable of a true, sincere, and if necessary, also critical dialogue with Muslims and their representatives. “Warm and affectionate” were the greetings of the Pope to the representatives of non-Christian religions and “particularly grateful” his feeling for the presence of members of the Muslim community. “I assure you,” he told them, “that the Church wants to continue building bridges of friendship with the followers of all religions, in order to seek the true good of every person and of society as a whole.”

The European Union’s human dimension strategy for an enhanced Euro-Mediterranean Partnership ought to be rooted in such a pro-active and inclusive spirit. Without respect for religious truth – the Christian one intrin-

16 Ibid.
ically linked to the European tradition, but likewise the religious truth claimed by Judaism and Islam, the other two religions of the Book and of the same God - inter-cultural and inter-religious dialogue will not strengthen the freedom it strives for in the name of tolerance. The European Union must promote a new openness for the public role of religion inside Europe shall it succeed in its formal inter-cultural dialogue across the shores of the Mediterranean. The EU must give room for the public voice of religion in the public debate about the future of Europe. It must ask pro-actively about the role and meaning of religious views for the evolution of socio-economic, cultural and political developments in Europe. Timidity and self-restraint in the name of laicistic principles cannot prevail if Europe wants to be taken seriously in the Muslim world on the matter of serious inter-religious dialogue and reflection of the public meaning of faith and religion.

The increase of EU citizens from Christian orthodox countries adds another dimension to this quest. With its eastward enlargement, Latin Europe is encountering Orthodox Christianity under the roof of the same political sphere as never before since the religious schism among Christians in the 11th century. It is time to focus the implications of this new reality. Matters of Christian social doctrine and their implication for Europe’s role in the age of globalization are as relevant to this encounter as the common reflection about Christian attitudes towards Muslims.

Muslim-Christian relations must be based on the principal of reciprocity. This includes the recognition of freedom of religious practice, for Muslims across Europe, for Christians in all Muslim countries – including, of course, in EU candidate country Turkey. The biggest challenge for Europe’s encounter with the Muslim dimension of the southern shores of the Mediterranean is political. Neither intellectually, nor politically has Europe come to terms with the question how to deal with political Islam. Ignoring its relevance in the public discourse of many partner countries of the Euro-Mediterranean process is impossible. Being fearful of it in recognition of the potential radicalism and presumed anti-Western orientation of political Islam is insufficient and mostly shortsighted. Islam, it seems to me, is not antagonistic to honestly rooted Christian faith, values and tradi-
tions. Islam’s “enemy” (as the enemy of all distinct religious convictions and ways of life) is religious ignorance and indifference. Secular, libertarian liberalism with its inherent moral relativism should worry defensive Christian Europe no less than aggressive Islam. Yet, Europe ought to develop a consistent strategy of how to approach the exchange of ideas with political Islam. Terms of engagement must be defined, but walls of rejection cannot be built nor would they be effective. First and foremost, these terms of engagement with political Islam must include: rejection of all forms of violence, recognition of human rights, including reciprocity for freedom of religion, and acceptance of mutually binding rule of law.

The bottom line of my argument: The human dimension in Euro-Mediterranean relations has to begin at home, inside the EU. Shall the EU succeed, together with its partners from the southern shores of the Mediterranean, to give more convincing and effective meaning to the role of the human dimension and inter-cultural encounter, it will have to strengthen the inner-European dimension of its external ambition. Migration and religion cannot be dealt with any more in the superficial or fearful way as it primarily happened during the first decade of the Barcelona Process. The learning process must begin at home in order to succeed across the Mediterranean shores. Otherwise, the EU cannot assure its strategic objectives and root them in the European society. This, however, is more necessary than ever. In fact, it has become the first obligation for the human dimension in the Euro-Mediterranean Partnership to succeed.
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