

**EUROPEAN UNION POLICY TOWARDS  
THE MEDITERRANEAN:  
THE EURO-MED PARTNERSHIP  
AND REGION BUILDING**

**The Convergence of Civilizations?  
Constructing a Mediterranean Region Conference**

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## **Sub Regional Co-operation within the Euro-Mediterranean Partnership**

### **INTRODUCTION**

The latter part of the twentieth century has seen a resurgence of regional dynamics in international relations. The process of decolonization, coupled with the end of the Cold War, has created an environment that is conducive to an increase in regional patterns of interaction. As a result, regionalism is again becoming a major characteristic of the international system.\*<sup>1</sup>

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

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

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

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

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

The theme of regionalism lends coherence to the history of contemporary international relations, since it draws our attention to a specific pattern of interaction and oscillation between actors in the international system. Since the end of the Cold War, regionalism has been carried forward by the most powerful states as a means of promoting their own interests. Governments have recognised that regionalism is an effective political tool that can assist in the management of domestic and external pressures.\*<sup>2</sup>

## **REGIONAL DYNAMICS IN THE MEDITERRANEAN AREA**

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

The removal of Cold War shackles over the last decade has resulted in a situation in which the countries of the Mediterranean are finding it more difficult to compete globally. Unless Mediterranean states begin a process of sub-regionalisation and

regionalisation and develop a more borderless area of cooperation, they face the stark danger of falling further behind in the post-Cold War international system that is emerging.

In the last ten years, numerous initiatives have been put forward to stimulate the concept of regionalism across the Mediterranean. The most prominent of these are the Italian-Spanish proposal in 1990 to launch a Conference for Security and Cooperation in the Mediterranean (CSCM), the Maltese proposal to launch a Council of the Mediterranean, the 5+5 initiative that brought together 5 southern European states together with their Maghreb counterparts, the Arab Maghreb Union (AMU) which was created in 1989, the Egyptian initiative of the Mediterranean Forum, and the European Union led Euro-Mediterranean Partnership (EMP), which was launched in 1995.\*<sup>3</sup>

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

In addition to strengthening north-south relations, the EMP also has as a high priority the nurturing of closer south-south relations than have hitherto been evident. Specific efforts are being made to assist Mediterranean countries to become more aware of the opportunities that exist in their neighbouring states and to offer the Mediterranean countries involved in the EMP incentive packages to pursue trans-Mediterranean ventures. Given that most EU external assistance has been dedicated to Central and Eastern Europe since the early 1990s, the EMP can best be viewed as an EU attempt to extend its outreach programme southward in an effort to spur cooperative relations in the Mediterranean area.\*<sup>4</sup>

The four sub-regions encompassing the Mediterranean are southern Europe, the Balkans, the Maghreb, and the Mashreq. Although the EMP has been functioning for more than six years, each of the sub-regions of the Mediterranean continues to follow a different evolutionary pattern and there is little to indicate that any of them will integrate with their counterparts across the Mediterranean any time soon. Relations

across Southern Europe are largely cooperative dominant, with this group of countries increasing their intergovernmental and transnational ties with the rest of Europe on a continuous basis. In contrast, conflictual relations have consistently hindered closer cooperation between countries in the Balkans, the Maghreb and the Mashreq. Relations in these three sub-regions of the Mediterranean remain largely confined to the intergovernmental level, with cross-border types of interaction across the southern shores of the Mediterranean limited to the energy sector and Islam.

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

## **PATTERNS OF REGIONAL RELATIONS IN THE MEDITERRANEAN**

Despite a long tradition of Euro-Mediterranean linkages, the emergence of a cohesive European Union stands in stark contrast to the fragmented Mediterranean at the start of the twenty-first century. Political differences and growing economic disparities reveal the lack of convergence that exists between Europe and the Mediterranean. Disconnections far outweigh the connections, and the main concern this century should be to ensure that the fault line that exists between Europe and the Mediterranean does not widen into a chasm.\*<sup>5</sup>

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

This is as much a result of exposure of some of the flawed assumptions underlying Barcelona as is it a consequence of negative developments since 1995. The basic premise of Barcelona was the Euro-Mediterranean area constituted some kind of “common space,” or at least that it possessed enough of the precursor elements of a region (geographic contiguity, common values, traditions, or interests) to make regional institution-building a viable enterprise. From this premise flowed two other assumptions: that the member-states or regimes were equally committed to the goal of regional cooperation as a tool to promote peace, stability and prosperity; and, that they were also receptive to the kinds of political, economic and social liberalisation that makes transnational (as opposed to inter-governmental) cooperation possible.

The first assumption was challenged when regional cooperation (or, at least, sub-regional cooperation in the eastern Mediterranean) was made hostage to the course of the Arab-Israeli peace process. That explains why Arab partner-countries refused to endorse cooperative projects with Israel. But it does not explain the halting pace of progress in cooperation with one another. The explanation for that lies in the resistance of most regimes, contrary to the second assumption, to greater domestic openness. This should not be surprising, given that many of the requirements of free trade and greater foreign investment (abolition of monopolies and licensing arrangements, reduction of customs and excise fees, legal security and transparency, autonomous civil society organisations and institutions) threaten the revenue-base and even the power base of neo-patrimonial authoritarian regimes.\*<sup>6</sup>

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

In the absence of radical reforms of the overall institutional and policy framework, foreign direct investment (FDI) will not be forthcoming to any significant degree.

This, in turn, will hamper economic development. One of the reasons for the slow economic development of the Mediterranean region, compared to countries such as Hungary, Poland, Slovenia, Slovakia or the Czech Republic, has been the unsatisfactory inflow of FDI since 1990. To date, the Mediterranean area has little prospect of attracting FDI to the tune of 10 per cent of GDP that should be their target in order to move ahead.

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

In contrast to the more cohesive and cooperative South-East Asian and Latin American developing regions, the Mediterranean currently consists of a number of sub-regional constellations, i.e. Southern Europe, the Maghreb, the Mashreq, and the Balkans, that are evolving along separate and distinct paths. Perhaps the label that best describes the pattern of relations in the area is "fraggementation," which denotes the integration efforts being pursued by the southern European countries and the fragmented relations that continue to dominate the southern and eastern shores of the basin. In fact, the lack of cohesion and unity achieved to date somewhat mirrors regional dynamics manifesting themselves across central Africa.

During the first ten years of the new millennium, the United States will shift its foreign policy concerns in the region further east, focusing on the management of relations in the Mashreq and the Persian Gulf. The rest of the Mediterranean will become a European Union sphere of influence if a common foreign and security policy becomes operational and the Barcelona Process evolves further.

To the north of the Mediterranean, the EU has been advancing with great strides in its effort to prepare for the challenges of globalisation. This includes furthering EMU, e-Europe, deregulation, fiscal stability, and company mergers, in an effort to strengthen high economic growth. As a result, the technology and prosperity gap between the EU and the Mediterranean has been widening in recent years. EU enlargement will create the largest internal market in the world, a market of more than 500 million consumers. A larger internal market will result in increased competition, which will favour consumers who will be able to purchase the best products at the cheapest prices.\*<sup>7</sup>

Within the Mediterranean, the differences in the pace of economic restructuring between the front-runners -- Cyprus, Malta, Israel and Turkey -- and the slow reformers -- all the rest -- has also been growing. Cyprus and Malta are EU candidate countries and expect to join by 2005. Turkey has completed its customs union with the EU after a thirty-year transition period. It is now accelerating its economic and political reforms as part of its preparations to join the EU some time after 2010. Israel had enormously strengthened its links with Europe during the Oslo peace process. In the years to come, Israel has the potential to further intensify its economic and cultural ties with Europe (and perhaps its political relationship, as well) and to turn increasingly into something like a “pseudo-member” of the EU but much will depend on its stance towards the Palestinians.

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

In recent years, EU accession countries have economically outpaced those in the Mediterranean. Countries in Central and Eastern Europe have made a remarkable transition towards democracy and a market economy. They have been much more successful in attracting foreign direct investment and portfolio capital (thereby substantially raising the standard of living of their people) than have Mediterranean

countries. Their trade with the EU has been growing at a much faster rate than that of the Mediterranean states.

While such divergent development indicators give rise to concern, they are actually to be expected. Societies rarely move at the same pace. Nor do they respond with the same speed to external challenges. The greatest challenge, however, is to ensure that all of the countries across the Euro-Mediterranean area succeed in participating in the global economic development framework that has emerged. State failures, or even milder state instability in the Mediterranean, will undermine European and trans-Mediterranean interests and widen the economic gap that already separates the rich north from the poor south.

The differentiation between eastern European and Mediterranean accession countries and Mediterranean Partner countries is also better understood when one takes into consideration that the accession countries of Central and Eastern Europe dispose of a much better educated human resources base and that the prospect of EU membership constitutes a far more powerful leverage for economic and political reforms than does the Euro-Mediterranean partnership.

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

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

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

If the Mediterranean area is to become more competitive, it must foster a process of sub-regionalisation. This exercise must result in the opening of sub-regional markets and the creation of sub-regional free trade areas. Trade liberalisation within the Euro-Mediterranean Partnership has so far been taking place on a north-south basis. It is essential that the EU and its Mediterranean partners now focus their attention on stimulating transnational cooperation at a south-south level.

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

## **A SUB-REGIONAL REASSESSMENT**

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

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

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

Of the various sub-regional constellations in the Arab world, the Gulf Cooperation Council (GCC) continues to stand out as an effective model of regional cooperation. It has been in place for more than 20 years, but – perhaps strangely – it has not had any visible impact on the rest of the Arab world. The two regional groupings that were proclaimed in the late 80's -- the Arab Maghreb Union (AMU) and the Arab Cooperation Council (ACC) -- were stillborn. At the start of a new decade, the chances of their resurrection or at least, promotion of their original settings and aims, seem as remote as ever.

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

developments hold out the promise of spurring intra-regional south-south trade in the Mediterranean.

At the Euro-Mediterranean foreign ministerial meeting in Brussels in November 2001 and the Euro-Mediterranean foreign ministerial meeting in Valencia in April 2002 ministers were particularly supportive of the Agadir Declaration of May 2001 announcing the establishment of a free-trade area between Morocco, Tunisia, Egypt and Jordan. The EU Commission's renewed offer to provide technical assistance to the Agadir process in the Euro-Mediterranean Valencia Action Plan should facilitate any efforts by North African countries to try and reactivate the moribund Arab Maghreb Union (UMA) that was created in 1989 and sought to create a common market among Morocco, Algeria, Tunisia, Mauritania, and Libya.\*<sup>8</sup>

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

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

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

The strongest push towards a more integrated political and economic structure has so far come from the European Union-initiated Barcelona Process. This includes free trade between individual Mediterranean countries and the EU and an EU drive to

further intra-Mediterranean free trade, as a logical and political corollary. The proliferation of Arab free trade initiatives, bilateral or all-Arab, has therefore to be judged positively, even if the record of past declaratory commitments is not inspiring and the current approach is not necessarily the most effective one (product lists instead of a horizontal dismantling of tariffs in clearly defined stages).

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

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

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

Two approaches should be explored in such a perspective. The first might involve a sub-regional grouping of the countries in the Maghreb, on the one hand, and those in the Mashreq, on the other hand. The second would be a more comprehensive modality that encompasses all twenty-one member-states of the Arab League. That option appears to confront difficult, if not insuperable obstacles of geography and differences

in political regimes and economic structures. The same obstacles are only slightly less forbidding in the context of an intermediate approach aimed at bringing together just the nine Arab countries around the Mediterranean, from Morocco to Syria.

When it comes to assessing the prospects for sub-regional cooperation in the Mediterranean, trends point towards an extremely difficult road ahead. In the Mashreq, Egypt constitutes a world apart from the Levant countries, with Israel in between as kind of physical and political barrier. The candidates for cooperation vary greatly in size, and matters are further complicated by the ambiguous status of Palestine, the hesitations of Jordan to engage itself in such an “alliance,” and rivalries for leadership between Egypt and Syria (not to speak of the problematic role of Iraq in any eastern Arab grouping).

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

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

Libya, on the one hand, and Morocco and Tunisia, on the other, hold out the possibility for further cooperation in future.

Perhaps one way forward at this stage is to once again create a more structured sub-regional cooperative framework between the actors concerned. The goal should be to establish a sort of Maghreb “common market” or “confederation” in order to organise economic development in a coherent framework, thereby making the area more attractive to foreign direct investment. “*Mise à niveau*” and a better defence of the Arab country’s interests against the powerful EU should be the driving forces behind such an ambitious scheme.

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

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

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

positions on the international scene, the three Maghreb countries would substantially enhance their global standing.

For the EU, a Maghreb union that is successful in tackling the tremendous social-economic challenges of the future would be a big relief on its unruly southern front. The EU should therefore, in its own vital interests, actively support any constructive initiatives in that direction and thus undertake more efforts to help Algeria and Morocco to come to terms and to normalise relations.

## **THE EURO-MEDITERRANEAN PROCESS AND REGION BUILDING**

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

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

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

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

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

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

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

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

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

The Mediterranean partners would therefore do well to take lessons from Hungary, Estonia or Bulgaria and, more recently, Turkey when it comes to enabling their populations to enjoy a better life, more freedom, better education, more jobs, and less pollution. Everywhere they will find similar answers: accountability and transparency of governments, market economy, higher standards of education, encouragement of civil society, particular of women, privatisation of the banking sector and major utilities, retreat of the government from direct interventions in the economic process.

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

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

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

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

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

It can try to transpose the basic methodology of its own development programme as stipulated in the “Lisbon process” with its “benchmarking”, “open coordination”, and

target setting to those countries in the south that may wish to undertake a similar exercise which is adapted to their particular challenges. If the Euro-Mediterranean Partnership is to have a significant impact on regional relations in the area it must allow those countries that are able and willing to move ahead to do so. Once the ice is broken, others will follow suit. <sup>\*9</sup>

## CONCLUSION

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

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

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

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

Further research is needed to identify what is hampering regional cooperation in the European peripheral regions. At this stage, the European borderlands -- the

Mediterranean, Black Sea, Central Europe, and Baltic Sea -- are all evolving along different paths of interaction.<sup>\*10</sup>

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

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\*5 Barry Buzan and B.A. Roberson, “Europe and the Middle East: Drifting Towards Societal Cold War?” in Ole Waever, Barry Buzan, Morten Kelstrup, and Pierre Lemaitre (eds.), Identity, Migration and the New Security Agenda in Europe, (Pinter Publishers Ltd, 1993), pp.131-147.

\*6 Mark A. Heller, “Reassessing Barcelona,” in Fred Tanner (ed.), The European Union as a Security Actor in the Mediterranean: ESDP, Soft Power and Peacemaking in Euro-Mediterranean Relations, Zürcher Beiträge zur Sicherheitspolitik und Konfliktforschung, Nr. 61 (Zurich: Spillman und Wenger, 2001), pp. 77-79.

\*7. Eberhard Rhein, “European Regionalism – Where is the EU Heading?” in Calleya, Regionalism in the Post-Cold War World, pp. 25-44.

\*8 Presidency Conclusions, Vth Euro-Mediterranean Conference of Foreign Ministers, Valencia, 22-23 April 2002, point 5, and Valencia Action Plan, Vth Euro-Mediterranean Conference of Foreign Ministers, Valencia, 22-23 April 2002, point 6. See also Roula Khalaf, “Turbulent North African Neighbours Look to Strengthen Trade and Investment Ties”, Financial Times, 3 August 1999, p.6.

\*9 Rhein Eberhard, Preface, in Evaluating Euro-Mediterranean Relations, Stephen C. Calleya, Frank Cass Publications, (London), 2002.

\*10 Edvins Inkens, “Regionalism and Stability”, in Gunilla Herolf (ed.), Subregional Cooperation and Integration in Europe, Swedish Institute of International Affairs, Conference Papers 26 (2000), pp. 3-7.