EURO-MEDITERRANEAN PARTNERSHIP AFTER A DECADE
- MOROCCO AND EGYPT’S CASE -

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AN ABSTRACT OF THE THESIS OF

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The Euro-Mediterranean Partnership was designed to bridge the gulf between the European Union and the Mediterranean region in terms of economic prosperity, stability and democracy. The promotion of democracy and human rights as well as the establishment of a free trade area between the EU and within the region were the aims of the process. After ten years of its inception, the Barcelona Process has not realized its objectives.

The thesis compares two cases: Morocco and Egypt, on two levels political and economic. Morocco represents a North African country with a “declared will” to democratize. EU’s and Morocco’s agendas for democratization have been convergent. In Egypt’s case, EU’s influence has been limited; government and opposition movements have refused to condition economic aid to democratic political reforms and to accept uncensored relations between the EU and opposition parties. Moreover, the thesis presents an assessment of the extent of regional economic integration, the integration with EU, and the causes of its failure within the two cases.

The thesis focuses on the following question: To what extent the presence of a “declared will” within the EMP partner states makes the partnership more effective? To what extent the economic integration has been furthered and what are the reasons hindering economic integration with EU in Morocco’s and Egypt’s case?

Thesis’ main argument is that the presence of a “declared will” and the convergence of political agendas are factors that can trigger substantial political reform; democratic reform and the positive conditionality can be successful only within a “shared process of reform”. EU has promoted democratization process to a limited degree in order to prevent instability and the coming to power of anti-western Islamic parties in the Mediterranean Partner Countries; moderate Islamic opposition groups have to be integrated into the overall democratic reform process. As for the economic integration, the thesis’ main argument is that the absence of foreign direct investment (FDI), absence of second generation of structural reforms, the exclusion of agricultural products and services hinder sustainable economic growth and consequently the integration with EU.
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CHAPTER I
INTRODUCTION

The Euro-Mediterranean Partnership (EMP) was launched in 1995 to bridge the gulf between the European Union and its Southern neighbors. The formal objective of the EMP was “to create a zone of peace, stability and shared prosperity” but the unofficial purpose was to defuse migratory pressures from the South by creating stability and supporting economic development.

On the political level, the promotion of human rights and democracy has been an integral part of EU’s external relations and of its development and cooperation policies with third countries\(^1\). The European Union has been an important actor in the field of democracy promotion. By the middle of 1990s, the instruments that the EU has used in the promotion of democracy have been “democracy assistance” aid projects, provisions of political conditionality and a “network of democracy-related initiatives and dialogues with developing countries”\(^2\). Within the EMP framework, the Association Agreements\(^3\) emphasized “the importance of the principles of the United Nations Charter, in particular the observance of human rights, democratic principles and economic freedom; the need to strengthen political stability and economic development of the region by encouraging regional co-operation…” . In both of the Association agreements

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signed with Morocco and Egypt, it is stated that the respect for human rights and
democratic principles should have guided the internal and international policy of Egypt,
Morocco and the Community and constitutes an essential and positive element of the
Agreement. The “human rights” or “conditionality” clause has been included as a
central component of the political dialogue the EU is conducting with Mediterranean
partner countries (MPCs).

After ten years of its inception, the EMP is regarded as having failed to improve
economic well being and to strengthen democracy in most of the 10 Southern
neighbors. Assessments of the EMP from both inside and outside are negative; the
lack of visible results has given way to considerable criticism by both government
officials and policy analysts. According to Fred Tanner, “the real problem with the
Barcelona Process is the implementation gap between rhetoric and policy”. The leaders
of the Middle East and Mediterranean countries have generally refused in their reform
plans to go beyond a declaratory acceptance of EU conditionalities. Fred Tanner
explains “the MEDA program, which is the main vehicle for EU democracy
promotion, must be considered a failure for the 1995-9 period, as disbursements have

4 Nicholas Hopkinson, “The Enlarged EU and Its Southern Neighbors”, Wilton Park

5 Ricardo Gomez, Negotiating the Euro-Mediterranean Partnership: Strategic Action in EU

6 Tanner Fred, “The European Union as a Security Actor in the Mediterranean” [Article

7 “The MEDA programme is the principal financial instrument of the European Union for the
implementation of the Euro-Mediterranean Partnership. The program offers technical and financial
support measures to accompany the reform of economic and social structures in the Mediterranean
partners and it is implemented by DG EuropAid”.

European Commission Website, Accessed on September 1st, 2006:
http://ec.europa.eu/comm/external_relations/euromed/meda.htm
reached only 26 per cent of the total amount committed (€ 4.685 billion)\(^8\). In very broad terms, the general reasons for this failure are the disconnection between the EU’s overall stated objectives towards the South and its actual policies on trade, development assistance and democracy promotion. (The EU internally constrained by the Common Agricultural Policy and farmer lobbies from the South European states restricts imports of agricultural products from the South and applies free trade only to oil, gas and industrial products). The MEDA program for 2002-6 was redesigned to produce faster pay-offs\(^9\). The amount available for MEDA is € 5.35 billion for 2002-6, which should allow the EU to sustain current efforts.

On the economic level, trade liberalization and the establishment of free trade area between EU and south Mediterranean countries constitute the main component of the Association Agreements. In 2004, 71% of Moroccan exports went to the EU, while 58% of Moroccan imports came from the EU. Total trade reached 14 billion Euros in 2004. The EU is Morocco’s biggest trading partner and the balance of trade is still in the EU’s favor\(^10\). In Egypt’s case as well, the EU is Egypt’s biggest trading partner currently accounting for 42% of Egyptian exports and 37% of imports, with the balance of trade still in the EU’s favor. Trade between the EU and Egypt has risen by more than 5% in the last five years to reach around 11.6 billion euro in 2004. On the south-south level of integration, in 2004, Egypt, Morocco, Jordan and Tunisia signed the Aghadir

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\(^8\)The pledged amount represented about 11 per cent of the total annual EU budget for external action.

\(^9\)“They include more commission staff for the MEDA programs, devolution of the implementation of the program to the Commission’s delegations in the partner countries, faster delivery of financial assistance, and fewer projects but more generously financed”.


agreement, which sets a free trade zone between the four countries, however it has not entered into force. European Union permitted the access to its domestic markets for goods from these countries in the hope of stimulating economic development through export-oriented growth. Export of primary products and industrial goods were provided with unrestricted entry to the European market but agricultural products were subject to restrictions in order to protect European producers under the Common Agricultural Policy. The thesis argues that the absence of foreign direct investment (FDI), absence of second generation of structural reforms, the exclusion of agricultural products and services hinder the export oriented growth and consequently the integration with EU. 

“Washington Consensus Reforms played a role in triggering economic growth in countries that had a minimal institutional arrangement. Although economic liberalization and market opening might be conductive to economic growth in the short run, sustained economic growth is more a function of the quality of political institutions. The “Second Generation of Structural Adjustment Programs” dedicated to institution building and reforms are geared towards achieving high-quality growth of a kind that will be genuinely sustainable over the long term in an ever globalizing world economy”11, second generation of structural adjustments were not completely included from the Euro-Mediterranean agreements, the agreements have refrained from presenting a coherent agenda for institutional reform, leaving the burden of initiative on the regime of the Mediterranean country.

There is a huge area of literature on the Euro-Mediterranean Partnership. Most of the Literature describes the different elements of the policy and the attitudes of the

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Southern partners, such as Hani Habeeb\textsuperscript{12}, Richard Gillespie\textsuperscript{13}. Another part of the literature explain the Barcelona Process in terms of foreign policy or “strategic action”, such as Ricardo Gomez\textsuperscript{14}, who argues that the Euro-Mediterranean Partnership demonstrates the EU’s ability to adopt and launch a strategic foreign policy but at the same time, it reveals EU’s incapacity to consistently translate strategic objectives into effective action. EU’s capacity to design and pursue strategic actions is mainly generated by EU’s pillar I, the principal source of the organization’s foreign economic policy. It is the Union’s foreign economic policy that has exerted the greatest impact on the outside world. Gomes adopts an inclusive and expansive view of EU foreign policy. According to Gomez, “distinguishing external economic relations from traditional “politico-security” foreign policy has become anachronistic in an international system in which trade and finance has become high politics”\textsuperscript{15}. Annette Junemann\textsuperscript{16} examines the impact of securitizing international terrorism on Euro-Mediterranean relations with special regard to the EMP, on Middle East conflict and on the process of democratization in the region. Richard Youngs\textsuperscript{17} examines the development of EU’s democracy promotion and assesses its efficiency in the Mediterranean, Asia and Pacific and Caribbean countries. Hans Gunter Brauch, Antonio Marquina and Abdelwahab


\textsuperscript{15}Ibid.


Biad\textsuperscript{18} focus on the military and security aspect of the partnership with particular emphasis on the impact of confidence building measures on the cooperation and the partnership. Erwan Lannon and Marc Maresceau\textsuperscript{19} analyze and compare the preferential relations between the EU and its eastern and southern peripheries and reflect on the Pan-Euro-Mediterranean regional integration. Roland Dannreuther\textsuperscript{20}, argues that since mid-1990s, European Union has emerged as a more coherent and strategic actor towards the Middle East peace process which has ensured its direct involvement in a process from which it has earlier been excluded, but this role is constrained by the strategic deficiencies, the lack of vision for the region, the political disunity and institutional weaknesses of the EU. Few articles attempt to present an assessment of the Barcelona process after ten years of its inception such as the work of Richard Youngs and Haizam Amirah Fernandez\textsuperscript{21}, present the different perspectives on the Partnership by reassessing the EMP’s ten-year record. 

The thesis question is the following: \textit{To what extent the presence of a “declared will” within the EMP partner states makes the partnership more effective?}

\textit{To what extent the economic integration has been furthered and what are the reasons hindering economic integration with EU in Morocco’s and Egypt’s case?}


The thesis tackles an issue that has relevant implications for the future relationship between the European Union and the Mediterranean countries namely Morocco and Egypt; especially with the future implementation of the European Neighborhood policy (ENP), which conditions financial aid to political and economic reform. Thesis’ main argument is that the presence of a declared will and the convergence of political agendas are factors that can trigger substantial political reform; democratic reform and the positive conditionality can be successful only with the “consent” to the idea of reform, with a “shared process of reform”. Moreover, the European Union should consider the opening up to moderate Islamic groups and integrate them into the overall democratic political reform process. The thesis aims at comparing two cases of EMP partnership after ten years of its inception. It compares the elements that make the partnership effective namely the role of the political leadership, civil society actors, historic relations with EU. On the economic level, the thesis concentrates on the factors that hinder the further economic integration with EU namely lack of foreign direct investment (FDI), lack of second generation of Washington reforms that can ensure

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22 The lack of substantial results from the EMP and the accession of ten new member states to the European Union, in May 2004, brought deep changes to Europe’s approach vis-à-vis the neighbors to the East and South. In order to re-invigorate the EMP, in 2004, the European Union launched the new European Neighborhood Policy. On the same month of the accession of the ten new East and Central European states to the European Union, the European Commission presented the European Neighborhood Policy (ENP) Strategy Paper, which sets out a new framework for relations and financial support for the neighborhood countries. It is supposed, for the countries of the Mediterranean, to build on the cooperation that was developed over nearly 10 years of the Barcelona process; it will allow neighbors to participate in major EU policies and programs and ultimately in the EU’s single market.

The first seven Action Plans which came out in December 2004 (which are not legal agreements) are with: Ukraine, Tunisia, Morocco, Moldova, Jordan, Israel and Palestinian Authority. (“The proposed Action Plans offer a series of incentives: A perspective of moving beyond cooperation to a significant degree of integration, including a stake in the European Union’s internal market and the possibility to participate progressively in key aspects of EU policies and programs; an upgrade in scope and intensity of political cooperation; opening of economies, reduction of trade barriers; increased financial support; participation in community programs promoting cultural, educational, environmental technical and scientific links; support for legislative approximation to meet EU norms and standards; deepening trade and economic relations”).
sustainable economic growth, absence of liberalization of agricultural products and services.

The lack of studies examining the economic reform process in Egypt and Morocco as well as the integration process of Egypt and Morocco has made the scope of the study limited. The integration process is presented in terms of the importance of exports and imports towards and from EU. Moreover, as the EuroMeSCo report states, “the absence of reliable indicators and EMP evaluation mechanisms makes it difficult to assess the political aspect of the partnership, including the political implications of the economic chapter. Although there are available general indicators on governance and development trends, it is not easy to establish a causal link between such indicators and the EMP”\textsuperscript{23}. The methodology adopted is to compare the reality or the achievements with the objectives stated in the Declaration. The thesis is based on the current literature available at the AUB Jafet library as well as articles found through the internet.

The thesis is structured in the following way: Chapter one is the introduction. Chapter two presents the evolution of EC’s/EU’s Mediterranean Policy, the early 1960s, marked the formative phase of the EU’s relations with the Mediterranean partners states which was characterized by a lack of comprehensive policy strategy for the region. At this early stage, the relations with the Mediterranean were marked by the establishment of preferential commercial arrangements with former colonies. In 1970s, the first attempt was made to formulate a strategy for the region that is the Global Mediterranean Policy that centered on “Cooperation Agreements” that covered financial, technical and social matters, the long term objective was the creation of a Mediterranean free trade area in order to increase competition in the region and boost exports. The deep-rooted

economic asymmetry of Euro-Mediterranean relations was not addressed. The idea of free trade failed due to the differences among the member states about the balance between preferential treatment and liberalization. The Renovated Mediterranean Policy (RMP), aimed at revising the existing 12 bilateral agreements with the commitment to improve market access in a number of sensitive sectors such as agriculture and textiles, tripling of funds from the Community budget and European Investment Bank to Mediterranean third countries in the fourth generation of financial protocols. The RMP was a tool for increased aid to the Mediterranean. The history of the Mediterranean policy shows the centrality of trade in the development of Euro-Mediterranean relations. The foundation of the policy was the management of trade relations with Mediterranean third countries and the preservation of import/export patterns inherited from the colonial period. The advancement of economic development in the Mediterranean was not a priority for the Community, the association and the cooperation agreements tended to sustain the North-South character of the relationship and the economic status quo left by colonialism. Chapter three discusses the European security interests in the Mediterranean; European Security concerns in the Mediterranean can be categorized in soft and hard security concerns. Hard security concerns such as Israeli-Arab conflict, the threat of regional war, the threat of nuclear proliferation, terrorism. As for soft security concerns, these are regime destabilization, socio-economic crises, rise of Islamic fundamentalism, illegal immigration. Chapter four offers an assessment of EMP’s democracy and human rights policy; it presents the progress, the achievements and the shortcomings of the process; such as the use of conditionality, the efficiency of indirect policies, and the role of civil society in the promotion of democracy and human rights. It discusses the role of EMP in the promotion of democracy and human rights in
Morocco and Egypt as well as a comparison of the local perceptions and attitudes towards the EMP. For Morocco, EMP has been a “means” to carry out reforms, political, economic and social changes, it has given the opportunity to give the civil society a chance to play a more pertinent role in economic and social policy-making. EU’s approach to human rights and democracy in Morocco has been a “softly-softly” approach towards democratization; EU’s approach to human rights and democracy in Morocco is described as “change within continuity”. It describes the four phases of Morocco’s reform process and the democratization projects in Morocco within the EMP. It presents the impact of EMP’s democracy and human rights promotion policy in Egypt; the process of democratic reform in Egypt, EU-Egypt relations and EMP’s limited impact on democracy and human rights promotion in Egypt and Egyptian perceptions and attitudes towards the EMP. Chapter five presents a brief description of the economic instruments of the Euro-Mediterranean agreements; the nature of the Euro-Mediterranean Partnership Financial Instruments (MEDA I, MEDA II); an assessment of regional economic integration among the South Mediterranean countries and the integration with the European Union, namely Morocco’s and Egypt’s case and the reasons hindering the further integration with EU, namely the absence of foreign direct investment and second generation of structural reforms and the impact of the financial support allocated through MEDA I and MEDA II on Morocco and Egypt. Chapter six presents a conclusion.
CHAPTER II

A BRIEF OVERVIEW OF THE EC/EU’S MEDITERRANEAN POLICY

A. Introduction

The Euro-Mediterranean Partnership cannot be understood without considering the historical development of the EU’s relations with the Mediterranean non-member countries. For the majority of the Mediterranean third countries, Western Europe has been the primary source of imports and also a destination for exports, a legacy of the colonial period. Access to the European market has always been a major concern, and disputes over the terms offered by the Community had become a frequent feature of each round of negotiations.

In this chapter, the first section discusses the formative phase of the EU’s relations with the Mediterranean partners. The second presents the first major policy development in the 1970s - the Global Mediterranean Policy (GMP). Section three presents the emergence of a clear Mediterranean strategy, namely the Renovated Mediterranean Policy. Finally, the fourth section discusses the adoption of a comprehensive policy - the Barcelona Process.

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25 Ibid.

B. The Formative Phase of the EU’s Relations with the Mediterranean Partners

In this preliminary stage, the competences of the European Community were confined to a limited range of explicit powers to develop relations with countries outside their borders. There were considerable uncertainties about the distribution of competencies between the institutions and the member states. Different areas of the external policy, development policy and the cooperation on political and security matters had remained the responsibility of the member states. The European Community had the responsibility for the regulation of external trade through the Common Commercial Policy (Article 133), the right to conclude treaties, and the power to manage the external aspects of internal policies\(^\text{27}\).

During the 1960s, several factors encouraged the Community to draw the Mediterranean non-member countries towards it. The first was the strategic importance of the Mediterranean region to the western camp in the context of the Cold War - Europe’s interest in the Southern Mediterranean has always been about security. The Middle East and Maghreb were considered regions posing serious security threats to Europe. A second reason was the commercial ties between the six European countries and the Mediterranean non-members, which had its roots in historic trade relations. In 1960, the Mediterranean non-member countries absorbed over 15 per cent of Community exports. In turn, over 60 per cent of the exports of Mediterranean third countries went to the Community. North-south trade was dominated by the agricultural and energy sectors\(^\text{28}\). Unprocessed agricultural exports to the Community were a vital source of export revenues for countries such as Morocco and Tunisia. On the EC side,

\(^{27}\text{Ibid}\)

\(^{28}\text{Ibid}\)
the member states, particularly France and Italy, exported manufactured goods to the Mediterranean countries.

The principal mover on Mediterranean policy was France, which dominated Community trade in the region. In the early 1960s, France accounted for 40 per cent of exports to Maghreb and received around 45 per cent of Maghrebi imports to the Community. Rapid economic growth in the 1960s meant a growing demand for North African labor in France. Moreover, when competences for commercial policy shifted to the EC, De Gaulle’s government sought to protect French economic interests.

As the EC lacked the necessary policy instruments to pursue a comprehensive policy strategy for the region, the EC’s relations with the Mediterranean third countries evolved in a “vacuum”. As the Treaty of Rome gave only vague directions as to how relations with the Mediterranean third countries should develop, it was relatively easy for the Community to avoid making commitments. The Community established a mixture of association agreements with Greece, Malta, and Turkey. Special preferential commercial arrangements were established with France’s former colonies in North Africa and a series of commercial accords were reached with the remainder of the Mediterranean non-member countries\(^{29}\).

A pyramid of agreements based on differentiated commercial and political privileges was established. The choice of one form of agreement over another and the emergence of a hierarchy of more and less favored third countries reflected the economic and political priorities of the member states.

The most comprehensive policy instrument was the “full association” based on Article 310. The provisions of Article 310 left open the objectives, form and content of

\(^{29}\)Ibid.
agreements, stating only that association should involve “reciprocal rights and obligations, common action and special procedures”. The associations were flexible enough to accommodate both the demands of third countries and the numerous limitations imposed by the political and economic situations inside the Community. The terms of the association were dependent on the strategic and commercial importance of the association to the Community and its cultural proximity to Western Europe. Greece and Turkey entered into association agreements in 1962 and 1963 respectively, as the Community sought to prevent the two countries from falling into the hands of the communist bloc. Both the agreements were to lead to full unions over a transitional period of between 12 and 22 years and both states had their eligibility for membership recognized.

The second kind of association, based on Articles 182-7 of the Treaty, was formed to safeguard the “special” relationship of the member states with their dependencies, principally the Francophone African countries. These provisions gave rise to the 1963 Yaoundé Convention, which granted duty and quota free access to the Community’s markets for a range of exports from former colonies, and financial aid worth 800 million ECUs. The main purpose of these associations was to protect imports in home markets. The chief advocate of Article 182 was France - which made special arrangements for its overseas territories a condition of signing the Treaty of Rome; France developed the idea of Euro-Africa which allowed her to implement a policy with her old colonies that she was unable to achieve independently.

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30 Ibid

31 “The multilateralization of colonial economic relations spread the costs of continuing to support the territories by “Europeanizing” reduced tariffs on imports among the six”.
The third policy instrument for the Mediterranean was an alternative form of economic association. This form of association did not include financial aid, technical assistance or provisions for the free movement of workers. It was something between a simple trade agreement and full association, and reserved for the CFA franc zone.

From the beginning, the member states were in a strong position to determine the form, content and terms of the associations. The decision making process entitled the Council of Ministers to approve the Commission’s negotiating mandate, required unanimity in the Council to conclude agreements, and subjected the agreements to ratification by national parliaments. Associations usually covered several subjects and required both the Community’s and the member states’ participation as parties. Morocco and Tunisia were the first Mediterranean states to take up the offer of economic association, opening negotiations with the Community in 1965. At this very early stage, the Community’s first phase of associative diplomacy in the Mediterranean resembled a patchwork rather than a coherent network. Underlying the member states’ hesitancy over the association agreements were more fundamental differences over the Community’s approach to an economic development policy: in the protectionist camp, France advocated a regionalist approach to EC external relations, asking privileged treatment for a restricted group of third countries which would in turn safeguard French commercial interests; on the other hand, the Netherlands and West Germany argued for a single international cooperative movement in line with the liberalizing agenda of the GATT. The subsequent enlargements of the community would accentuate these divergent approaches and make the development of a coherent strategic approach a remote prospect.

32“Even where the Community possessed exclusive competence to conclude agreements de facto use of unanimity to approve the Commission’s negotiating mandates and the oversight function of the Council enabled the member states to keep the Commission on a tight rein.”
C. From Patchwork to Framework: The Global Mediterranean Policy (GMP)

It was in the 1970s that the first attempt was made to formulate a strategy for the region. At The Hague Summit in 1969, EC member governments agreed to improve the coordination of their individual foreign policies, a process that included discussion of the Community’s common external interests. In 1970, the launch of the European Political Cooperation gave rise to the first inter-governmental meetings at which the member states set out to identify the Community’s political interests and prepare the ground for future foreign policy positions. At the 1972 Paris Summit, the member states resolved to ensure “an overall and balanced handling of the Community’s relations with the Mediterranean third countries and instructed the Commission to look again at the association agreements”33.

The Commission responded by submitting proposals to the Council for a new policy framework - the Global Mediterranean Policy (GMP) – that centered on “Cooperation Agreements” that covered financial, technical and social matters. The long-term objective was the creation of a Mediterranean free trade area; in order to increase competition in the region and boost exports, France proposed that the associates should open up their markets to Community exports. For the Commission, the free circulation of goods alone would not promote development in the region, and they wanted that the GMP should also include provisions on capital movements, technology transfers, technical cooperation, labor, environmental and financial cooperation.

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Several external factors have played prominent roles in shaping Mediterranean policy during this period, primarily the 1973 Arab-Israeli war and the subsequent Arab oil embargo that compelled the Community to look at the political dimension of its Mediterranean policy. The OPEC embargo exposed the vulnerability of the Community’s petroleum supplies and necessitated rapid diplomatic action from the member states. The Euro-Arab dialogue was the first explicitly political form of association; it established a forum for diplomatic exchanges between the Community and the Arab League at ministerial and civil servant level on issues ranging from the status of the Palestinian Liberation Organization and Israeli foreign policy to cultural, social and technological collaboration.

On the internal level, several factors paved the way for a more comprehensive Mediterranean policy. First, the Commission took a more prominent role in setting the agenda on Mediterranean policy. The Commission stood as policy initiator and negotiator; this improved the coordination policy and gave a clear sense of purpose in the areas covered by the cooperation agreements. Secondly, De Gaulle’s resignation and the legacy of the war in Algeria precipitated the reform of France’s relations with its former colonies in North Africa, although it continued to claim special responsibility for the region and France adopted a more favorable attitude to the multi-lateralization of its own economic and political relations with Mediterranean third countries. Thirdly, the 1973 enlargement of the Community necessitated adjustments to the existing association agreements. Gomez explains, “Adaptation measures were attached to each agreement in order to extend the Mediterranean preference system to Denmark, Ireland and the UK.”
The accession of Denmark, the UK and Ireland brought three states into the Community which faced no significant competition from Mediterranean imports and had fewer direct interests in Mediterranean policy than France and Italy. “They did not share the Commission’s desire to create a sphere of influence there, but even questioned at times the need for a Mediterranean policy at all”. Conversely, Germany found in the UK a powerful ally for its campaign to open the Community’s market to Mediterranean imports.

The agreements under GMP included provisions for cooperation in a variety of fields, including the environment, industry, investment and science. On the subject of the movement of labor, existing bilateral arrangements on the treatment and status of Maghrebi workers in the Community were supplemented by a new agreement on non-discrimination and the equal treatment of workers. However, the deep-rooted asymmetry of Euro-Mediterranean relations was barely addressed. The idea of free trade failed in the face of differences among the member states concerning the balance between preferential treatment and liberalization. Concessions on agricultural trade again required internal negotiations before an offer could be made to the third countries. An example of this was when the Italian government mounted a campaign in the Council for additional protection for its producers before it would accept any new concessions to the Maghreb states.

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The provisions for cooperation were: i) Barriers to trade in industrial products with the exception of textiles and refined petroleum to be removed by July 1 1977. ii) Improved access to the Community for Maghrebi agricultural exports, “without endangering the legitimate interests of the member state”. Reduction of customs duties by 20-80 per cent according to the product and time of year. iii) Development aid would be attached to each agreement in financial protocols. This bilateral aid would be supplemented by loans and grants from the EC budget and European Investment Bank. iv) Individual Cooperation Councils and Committees for each agreement bringing together representatives from the Commission, member states and individual non-member governments.

Ibid.
Besides agricultural trade, quantitative import ceilings were introduced on refined petroleum products, above these ceilings punitive duties would apply. The Community was anxious to guarantee uninterrupted supplies of oil and gas, but was less keen to encourage the development of potentially competitive indigenous processing industries in the associate countries. An example of this is the trade in textiles, a sector in which manufacturers were totally excluded from the agreements and subject to voluntary export restraints. Effective lobbying by European textile manufacturers and the already fierce competition faced by the industry from external sources, ruled out any possibility of preferential treatment for textile imports.

The new agreements were more comprehensive than the earlier trade agreements but the underlying pattern of the EC’s relations with the Mediterranean non-member countries remained qualified, and limited assistance was accorded. Member states insisted on derogations and protective measures when the interests of domestic producers were threatened. From the associates’ point of view, the agreements failed to take into account the commercial, cultural, and historical specificities of their relationships with the Community. Roy Ginsberg describes the GMP as “the first successful attempt by the EC at a self-styled foreign policy”. For others the GMP was a “first example of a coherent piece of Community foreign policy”.35

The early mid 1970s was marked by rapid economic growth, but followed by stagnation and rising external debts as economic development policies faltered. By 1979, the trade deficit of the Mediterranean third countries with the EC stood at nine billion ECU$s compared with four billions ECU$s in 1973. The cooperation agreements had obviously failed to improve economic conditions in the non-member countries. The

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35 Ibid.
Southern enlargement (the accession of Greece (1981), Portugal (1986), and Spain (1986) to the Community) had its impact on the EC’s Global Mediterranean Policy. The Community’s self-sufficient ratio in most Mediterranean agricultural products had risen from between 80-90 per cent to a situation of surplus\(^{36}\). Southern enlargement had major implications for the Community’s internal market in Mediterranean type agricultural products; with significant overlap between the production structures of the three new member states and those of the Mediterranean non-members, the potential and actual trade diversion effects of enlargement represented a further challenge to the developmental objectives of the GMP. On the political front, the Community absorbed three states with an extensive range of commercial and political interests in the region. “The emergence of a Mediterranean “group” within the EC promised to even up the balance of power between northern and southern member states”. The Community entered the 1980s ill prepared for the effect that southern enlargement would have on the GMP.

The associates demanded the renegotiation of certain clauses in the agreements that would increase import quotas in order to compensate the trade displacing effects of free access to the Community market for Portuguese and Spanish goods. France was still committed to preserving its special import regime for cheap Moroccan and Tunisian agricultural exports to the Community, and offered strong support for revising the agreements so as to offset the trade displacement effects of enlargement.

\(^{36}\)Spanish accession alone was projected to raise Community vegetable production by 25 per cent, fresh fruit by 48 per cent and olive by 59 per cent, threatening to displace Maghrebi imports of these products. Morocco and Tunisia lost the most. The Tunisian agriculture sector was heavily dependent on exports of olive oil (50 per cent of its total agricultural exports) but the entry of Greece and Spain threatened to devastate the industry.

Ibid
The major battles over the terms of the “protocols” on agricultural trade were fought in the Council as member states’ interests collided. The enlargement brought home to the northern partners the specific difficulties of the Mediterranean economy and accentuated internal discord within the Community over the correct policy to pursue for the region. The Iberian member states situated themselves in the protectionist camp. Spain, backed by Italy, put pressure on the Council to withhold its approval of the Commission’s negotiating mandate until after the entry of the Iberians into the Community. The negotiations resulted in a compromise between the Spanish government and the Commission that restricted future imports of Mediterranean agricultural products to “traditional exports”, and reduced the associates’ scope for product diversification thus limiting the potential for competition with European producers.

During the 1980s, the economies of the Mediterranean associates continued to weaken despite modest growth in trade with the Community. As imports rose, export revenues failed to deliver sufficient coverage rates, trade deficits rose and external debts grew rapidly, leading to increased pressure for reforms demanded by the IMF. The failure of the GMP and the apparent inability of the Community to reform its Mediterranean policy provoked frustrations and made reform of the policy imperative.

The history of the Mediterranean policy shows the centrality of trade in the development of Euro-Mediterranean relations. The foundation for the policy was the management of trade relations with Mediterranean third countries and the preservation of import/export patterns inherited from the colonial period. It is important to note that the advancement of economic development in the Mediterranean was simply not a priority for the Community; the association and the cooperation agreements tended to
sustain the north-south character of the relationship and the economic status quo left by colonialism. “The first generation of association agreements accomplished little more than the codification of existing terms of trade”\textsuperscript{37}.

D. The Renovated Mediterranean Policy (RMP)

The end of the 1980s was marked by the emergence of a clearer strategic imperative for EU Mediterranean policy. Iraq’s invasion of Kuwait in 1990 and the brief conflict that followed provoked renewed anxiety in Europe about the security of energy supplies from the Middle East and the immigration of an important number of people from North Africa and the Middle East to Europe, revealed a new set of threat perceptions that persuaded key players in the Union of the need to devise policies that were targeted at the root causes of instability. The risks of instability in the Maghreb and Mashreq were the major stimuli for the development of a renovated Mediterranean policy. The end of the US-Soviet competition in the region, in addition to the ongoing Arab-Israeli conflict, failing to be solved after Madrid, revealed the challenges of Mediterranean security and the limited political influence of European states. Moreover, the EU found itself expected to assume a bigger share of the responsibility for security in its own “back yard”, a role it was ill-equipped to perform. For Mediterranean non-member countries, developments at the end of the 1980s reinforced their sense of marginalization in the international economic and political order\textsuperscript{38}. Several Southern governments issued warnings about the risks of social and political instability and future conflicts if the widening prosperity gap between north and south

\textsuperscript{37}Ibid.
\textsuperscript{38}Ibid.
was not addressed\textsuperscript{39}. For Western Europe the neglect of its Mediterranean neighbors was no longer sustainable.

In 1989, Abel Matutes, a former Spanish MP, took charge of establishing a re-evaluation of the Mediterranean policy. The report acknowledged the poor economic performance of the majority of Mediterranean associates and their failure to meet the need for employment, these were considered major threats to social stability.

At the end of 1989, the European Parliament and the Economic and Social Committee (ESC) called for “joint economic development”, “institutionalized economic integration” and more effective management and distribution of EU financial resources. The ESC was especially critical of the member states, criticizing them for their failure to open up their agricultural markets, “pointing out the paradox that those governments with the most interest in Mediterranean security also tended to be the most protectionists”. The region had become a “common foreign policy priority” for France, Italy and Spain whose foreign ministries had established a mechanism for regular consultations between their political directors.

The outcome of the Matutes’ policy review was the Redirected Mediterranean Policy (RMP) which aimed to improve the terms of the bilateral agreements, insure additional funding and introduce new financial instruments\textsuperscript{40}. The main commitments of the Renewed Mediterranean Policy were: 1) “Revision of the 12 existing bilateral agreements with proposals to improve market access in a number of “sensitive” sectors including agricultural products and textiles. 2) The tripling of funds from the

\textsuperscript{39}“External debts rose throughout the decade on the back of dramatic falls in oil revenues, the global collapse of commodity prices and the failure of domestic economic policies”. In 1989, the total external debt of the Maghreb states stood at 41 billion ECUs, while that of the Mashreq countries stood at 53 billion ECUs, figures that represented between 18 and 40 percent of GNP.

\textsuperscript{40}Ibid.

The decision to supplement the bilateral financial protocols with a new budget line for regional integration projects met several objectives. The low level of trade between the Mediterranean associates was widely regarded as an obstacle to economic growth and the liberalization process. By offering financial incentives, the Union sought to foster cross-border economic activity. From the EC’s point of view, a more favorable intra-regional trading environment would help strengthen the positions of European companies in the associates’ markets and facilitate strategically important investments in the oil and gas market. Ricardo Gomez explains that the limitations of the RMP were evident at its beginning: the allocation of funding was decided on a project specific basis, rather than as part of a pre-determined program; there was a delay in the approval of projects; available financial resources were rarely completely committed. On the trade front, the RMP inevitably faced obstacles in the Council and the constraints associated with the GATT negotiations. Access to agricultural products was only marginally improved by an agreement to bring forward by three years the tariff reductions promised after the end of Portugal and Spain’s transitional periods.

The RMP acted only as a tool for increased aid to the Mediterranean. It had the same faults as the GMP: the gap between policy objectives and concessions that the member states would approve, the ineffectiveness of policy in addressing the structural

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41 In 1989, the five Maghreb states had launched their own regional organization - The Arab Maghreb Union – set on the model of EU with joint decision making bodies and an agenda for functional cooperation on a wide range of issues.
asymmetry of Euro-Mediterranean economic relations and the reliance on existing policy instruments which were manifestly failing to stimulate trade and investment.

E. The Euro-Mediterranean Partnership (The Barcelona Process)

The Gulf crisis of 1990-91 reinforced the gap between the Union and the Middle East. It accentuated the impression of the Union’s powerlessness in the political-security sphere. Anti-war and anti-western demonstrations throughout the Arab world and in a number of European capitals alarmed the member governments which feared negative repercussions on commercial interests in the region and hostility from Muslim citizens in Europe. The failure of the European Union to project a unified political position on the conflict and the participation of member states in the military campaign against Iraq in a US-led coalition damaged its credibility in the eyes of the Arab world.

In the aftermath of the Gulf war, the European Union tried to restore its relations with the Arab countries. The Troika which was formed by Italy, Luxembourg, and the Netherlands embarked on a tour in the region and returned with requests for financial assistance to compensate the loss of trade that resulted from the conflict. The Union contributed 1.5 billion ECU in balance of payments to support the States that had been in the front line in August 1990; a loan of 250 million ECU was granted to Israel and the Palestinian Territories to rebuild communications and other infrastructure networks.

During this period, the Union was unable to act as “unified” or as a “whole”, and France, Italy and Spain explored other ways for regional cooperation. The Spanish-Italian proposal was a Conference on Security and Cooperation in the Mediterranean

43 France’s participation in the coalition was seen as treason by its Arab immigrant population which provoked mass demonstrations in Paris.
(CSCM), modeled on the Helsinki agreement. The CSCM was to have the same scope as the CSCE, it aimed at bringing the Mediterranean Arab states, the Gulf States and the EU member states closer. It was viewed as a conflict prevention mechanism and a vehicle for multilateral dialogue between the Islamic world and the West. But by mid-1992 the proposal was left off the agenda and replaced by an offer of an exchange of information with Mediterranean states.

Another proposal was advanced by France which favored a sub-regional approach centered on North Africa and the Western Mediterranean. In December 1990, it launched an initiative to instigate political dialogue between five northern Mediterranean states and the five states of the AMU. The “5+5” process was launched at a conference of Foreign Ministers in Rome. It established several working groups to cover issues such as economic development, food self-sufficiency and environmental management. But the “5+5” dialogue floundered when political tensions surfaced among the participating states.

As these multilateral diplomatic initiatives failed, Spain was given the task of producing a report on how relations between the Union and the Maghreb states could be improved. The Gonzalez government suggested a “partnership” with the Maghreb states which would include a free-trade area and an extensive agenda for cooperation on everything from the common management of natural resources and energy policies to food supplies. It was argued that free trade increased private investment and that macro-economic reforms were the most effective means to socio-economic reform as well as the most effective means to socio-economic development and modernization.

Another factor that had its impact on the Mediterranean policy was the adoption of the Common Foreign Security Policy (CFSP). CFSP had its impact on the institutional
division of labor in Mediterranean policy. The European Commission restructured itself; the Directorate General 1B was given responsibility for the Southern Mediterranean and the Middle East, while DG1A acquired a CFSP directorate. The Commission aimed at ensuring and improving the coherence of EU external policy-making by bridging the divide between pillars I and II.

Initially, the Commission focused on the Maghreb; by the end of 1992, both sides had decided to advance renegotiations of the terms of trade in the agreements, with Morocco and Tunisia pressing for full free trade in all sectors. Secondly provisions would be included in each agreement covering rights of establishment for business, rules on the movement of services and capital, and the possibility of joint research and development projects. Thirdly, the agreements would include provisions for social cooperation, essentially a ministerial level of dialogue on issues such as migration and living and working conditions for Maghrebi citizens in the EU. At the meeting of EU Foreign Ministers in December 1992, the Commission’s recommendations were given a green light by the member states; the Commission was to start renegotiations with Maghreb states.

In 1994, as the peace process was evolving rapidly in the Middle East, the Directorate General 1B was convinced that the model for the Euro-Maghreb partnership could be extended to the entire Mediterranean as proposals from the Egyptian officials were presented to the Commission. By 1994 the EU’s relations with the Mediterranean non-member countries had been included in a single policy framework, the Euro-Mediterranean Partnership. The primary movers on the Barcelona initiative were France, Italy and Spain; there was sufficient convergence between their foreign policy positions to generate the necessary political will behind the project. The Barcelona
Conference was a “European project”; the decision to hold the conference was the EU’s alone and was effectively presented to the partners as a “fait accompli”. The main themes advanced by the Conference was that the process would have three chapters: 1) A political and security chapter comprising measures designed to promote regional political stability, the non-proliferation of weapons, respect for democratization and human rights and “confidence building” measures. 2) An economic and financial chapter that included the commitment to establish a free trade area by 2010, increased economic, financial and technical cooperation and other forms of support for economic development of the partner’s economies. 3) A social and human chapter including dialogue between social organizations, cultural exchanges and other non-governmental forms of cooperation44.

The main policy instrument attached to the EMP was the Euro-Mediterranean Association Agreements. The main aim of these agreements was the gradual liberalization of trade over a transitional period of up to 12 years. The common provisions of the Euro-Mediterranean Agreements were: 1) Customs duties on EU exports of industrial products to the partner to be eliminated gradually during the transitional period. The partner’s exports of these products already benefited from duty-free access to the EU. 2) Some liberalization of trade in agricultural products through reciprocal granting of preferential access to markets. 3) The extension of trade preferences based on existing arrangements, with the Mediterranean partners extending more limited preferences to EU exports. The centerpiece of each agreement was the establishment of a Mediterranean free trade area.

During the negotiations for the establishment of the agreements, the liberalization of trade in industrial products posed few problems compared to the agricultural products. The Mediterranean partner states accepted that their markets would have to be fully opened to imports of European manufactured goods. The dominance of European manufactured exports in the region was so important that member governments saw little danger from new competition. On the other hand, the European Union stayed firm on its agricultural policy. As the EU’s agricultural markets were already saturated with “Mediterranean” products, it was not politically beneficial for southern governments to sign up to agreements whose net impact would be an increase in competition\(^\text{45}\). Farm lobbies were extremely powerful domestic constituencies in France, Italy, Portugal and Spain, using national channels to ministries as well as blockades and demonstrations to exert pressure on their governments. For example, in two case – the negotiations with Morocco and Tunisia – protests by European farmers involving the destruction of imported produce led to discussions being halted. As the agreements had to be ratified by national parliaments, governments were cautious about being seen to give-in in the negotiations.

The negotiations of the Association Agreements were highly politicized; agreements on import quotas and other sensitive issues for both member states and the partner countries often became politicized to such a degree that direct intervention at the highest level was required. For example, during the negotiations with Egypt in 1998, Commission President Jacques Santer had to meet with President Hosni Mubarak in order to find a solution to disputes over import quotas for oranges, rice, cut flowers, 

\(^{45}\text{Ibid}\)
rules of origin and the question of a clause in the agreement requiring Egypt to readmit citizens who had tried to enter the EU illegally.

Despite the “Partnership” label, the Mediterranean non-member countries did not have much to say during the Euro-Med negotiations. It was labelled by some political analysts of the Euro-Mediterranean Partnership as an “old wine in new bottles”. Neither the Renovated Mediterranean Policy nor the EMP seriously addressed the deep-seated asymmetry in trade relations, the debt crisis and the risks of political and social instability posed by poverty, high unemployment and poor economic performance. The Union once again proved to be protectionist on the issues that really mattered to the partner countries. Some pointed out that the Union failed to grant concessions to the partners in a sector (agriculture) in which they enjoyed a competitive advantage over the member states; and that the major beneficiaries of regional trade liberalization would be European businesses, consolidating their already dominant position in the partners’ markets.46

A. Introduction

For Europe, the Mediterranean region represents an extremely volatile area on political, economic, social and cultural levels. The European Union does not fear direct military threats from the Mediterranean states against its territory. For Southern Mediterranean states, security threats come from within the region; the notion of insecurity is associated with domestic instabilities and threats to the ruling regimes.

Some analysts argue that for the European Union, democratization is less a goal in itself than a means of attaining prioritized security goals. After the terror attacks of September 11, the link between democratization and security has undergone further changes. The priority is given to “hard” security to the detriment of “soft” security issues due to “securitization of international terrorism”\textsuperscript{47}. For the EU, the EMP was predominantly an attempt to deal with the new security environment that had emerged after the end of the Cold War. After the Cold War, the European countries started to feel increasingly threatened by the weaknesses of their neighbors in the south; the lack of stability in the entire region of North Africa and the Middle East was perceived as a new challenge that could neither be addressed by single countries alone nor by military means.

\textsuperscript{47}Securitization of international terrorism, according to Buzan Barry is “when a threat is presented as such an existential security threat that top priority has to be given to tackling it, allowing even the breaking of existing rules. Annette Jünemann observes that “breaking the normal political rules of the game” might provide security for the acting country in a short-term perspective. In a long-term perspective, securitizing international terrorism can become a threat to the world’s security itself”. Ibid.
B. European Mediterranean Initiative as European Soft Power Projection

The European Union’s democracy and human rights promotion policies can be explained in terms of soft power projection. George Joffé\(^{48}\) explains that the European Mediterranean Partnership is an exercise in European soft power projection. An exercise in soft power projection to deal with soft security issues, such as economic failure, migration, smuggling, democratic failure, absence of human rights. Joseph Nye explains that hard power can rest on inducements (“carrots”) or threats (“sticks”). The indirect way to get what you want is called “the second face of power”: a country may obtain the outcomes it wants in world politics because other countries admiring its values, imitating its example, aspiring to its level of prosperity, want to imitate it. For this to be achieved, it is important to set an agenda to attract others, not to force others to change by threatening military force or economic sanctions. Soft power - getting others to want the outcomes that you want - co-opts others rather than coerces\(^{49}\). Soft power rests on the ability to shape the preferences of others. In terms of resources, soft-power resources are the assets that produce inducements such as shared values, in the example it sets by its internal practices, the attractions of its culture, institutions and policies\(^{50}\). In other words, the soft power of a country rests primarily on three resources: its culture, its political values and its foreign policies\(^{51}\). Joseph Nye explains that

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\(^{50}\) Ibid.

\(^{51}\) Government policies at home and abroad are another potential source of power. For example, in the 1950s, racial segregation at home undermined American soft power in Africa. Similarly, foreign policies strongly affect soft power.
currently the closest competitor to the United States in soft power resources is Europe\textsuperscript{52}.

“A measure of the EU’s emerging soft power is the view that it is a positive force for solving global problems”\textsuperscript{53}.

It is observed that the Euro-Mediterranean Partnership represents a security tool for the south. The goals stated by the Barcelona Declaration: the creation of a common area of peace and stability, the construction of a zone of prosperity, and the development of human resources and the promotion of understanding between peoples reveal the nature of the Euro-Mediterranean initiative partly as a European tool for Mediterranean security\textsuperscript{54}. The European goals of promoting political dialogue, developing rule of law and democracy, respect for human rights, promoting of peaceful settlement of disputes, strengthening cooperation in combating terrorism, encouraging adherence to non-proliferation regimes, refraining from developing nuclear military capacity, creating a WTO free trade area, promoting economic and financial cooperation, developing human resources and promoting understanding between cultures, these all reveal the growing European soft security concerns in the

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\textsuperscript{52} Joseph Nye used the term "soft power" to describe a nation's ability to attract and persuade. Whereas hard power uses the ability to coerce, this grows out of a country's military or economic might, soft power arises from the attractiveness of its culture, political ideals, and policies. Hard power remains crucial in a world of states trying to guard their independence and of non-state groups willing to turn to violence. Joseph Nye, \textit{Soft Power: The Means to Success in World Politics} (New York: Public Affairs, 2005).

\textsuperscript{53} At the beginning of the Iraq war, Eastern Europeans and Turks gave the EU higher marks than the United States for playing a positive role on a variety of issues ranging from fighting terrorism, reducing poverty and protecting the environment. Despite the fact that many Eastern European leaders supported the US-led war, their citizens felt that the EU played more a positive role on a variety of transnational issues.

\textsuperscript{54} Ibid.
Mediterranean basin. On the other hand, they do not indicate that Europe’s security concerns in the Southern Mediterranean are of a solely non-military nature. On the contrary, the assertion of the Barcelona Declaration that their initiative is “not intended to replace the other activities and initiatives undertaken in the interests of peace, stability and development and that the European participants support the realization of a just, comprehensive and lasting peace settlement in the Middle East based on the relevant UN Security Council resolutions,” reveals European awareness of the military threat in the Mediterranean region. The failure of the European Union to elaborate a distinct comprehensive strategy for effectively tackling hard security concerns points towards Europe’s lack of capacity in hard security terms, and its continuing subordination to the American security agenda. Consequently, the Euro-Mediterranean initiative remains an attempt at soft power projection, aimed at dealing with soft security issues, leaving hard security matters to NATO and the United States.

It is important to note that the exclusion of the European Union from the American-dominated Peace Process and the US from the Euro-Mediterranean Initiative has allowed Europe to avoid obstacles posed by the intricate Arab-Israeli relations and detach itself from the negatively perceived pro-Israeli American policy in the region. European independence from American policy, which gave it a large degree of

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56 Ibid

predominance over the European Partnership, largely aimed at containing American influence along Europe’s southern borders and retaining full leverage over tackling soft security issues in the Southern Mediterranean. This, however, has led to American reluctance to further involve Europe in the Middle East peace process, which was the major hard security threat in the region\textsuperscript{58}.

The incorporation of the Western European Union with its two military apparatuses, European Operational Rapid Force (EUROFOR) and European Maritime Force (EUROMAFOR) into the European Union and the 60,000 strong rapid Deployment Force proposed at the European Union’s Helsinki Summit in December 1999, which provide a certain military muscle for the Union, still remains inferior and subordinate to NATO and the US. The Mediterranean region remains under an American monopoly over hard security policy\textsuperscript{59}.

The failure to reach a consensus over security issues, except over a limited number of general guidelines concerning a Mediterranean Security Charter by the Euro-Mediterranean partners, is due to the Southern partners’ suspicions that the European Union will use the charter to impose its covert Mediterranean security agenda on Southern Mediterranean countries. The incorporation of the Western European Union with its two military wings, as well as the 60,000 Rapid Deployment Force, have contributed to aggravating Southern Mediterranean fear and suspicion of a covert European Union security agenda in the region\textsuperscript{60}.


\textsuperscript{59} Ibid

The US remains the only superpower and through its dominant role in NATO, it is, and has remained, the major hard security actor in the Mediterranean region. Despite the fact that the European Union attempted to detach its Mediterranean initiative from the US in order to gain higher leverage over the drafting of its soft security policy along its southern borders, European subordination to the US in hard security issues has provoked the suspicions of the Southern Mediterranean partners of the European security project, and made the success of the Euro-Mediterranean initiative dependent of the successful peace settlement between Israel and the Arab countries.

C. Democracy and European Security Concerns in the Mediterranean

As previously stated, the Mediterranean region represents for Europe an extremely volatile region on the political, economic, social and cultural levels. The European Union does not perceive direct military threats from the Mediterranean states against its territory. For Southern Mediterranean states, security threats come from within the region; the notion of insecurity is associated with domestic instabilities and threats to the ruling regimes.

European security concerns constitute the basis of the following European strategic interests and strategies in the region. First, controlling the flow of illegal immigrants and refugees into Europe. The “threat” of illegal migration is attributed to the deteriorating economic and demographic situation in the Southern Mediterranean region and the widening north-south gap (For example, the number of illegal migrants caught crossing the Straits of Gibraltar into Spain increased by a dramatic 50 per cent in

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61 Ibid.

1996). European states began significantly to tighten up their immigration controls from 1992 onwards. The increasing flows of migrants from North Africa led to the adoption of more restrictive policies in France. These flows were perceived as a problem in the sense that migrants from the Mediterranean region were considered to be “hostile” to or “uncomfortable” with European values.

Secondly, maintaining a secure oil route from the Gulf, and a natural gas route from North Africa into the continent. Europe’s concern about the security of the gas and oil routes is especially due to Europe’s dependency on energy supplies from the Southern Mediterranean area which is likely to increase over the coming decade. The third concern is the spillover of security problems and crises from the Southern Mediterranean region to Europe. The destabilization of the Southern Mediterranean region would inevitably pose serious threats to the oil and gas flow into the continent (by the mid-1990s, the EU was importing 32 per cent of its natural gas and 27 per cent of its oil from the Mediterranean states).

This includes hard security concerns of direct military threats such as confrontations, terrorism and threat of proliferation of weapons of mass destruction, as well as soft security concerns which include a large array of issues such as human

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63 France and Italy rely heavily on gas supplies from Algeria, as do Spain and Portugal (70 per cent of Spain’s gas supply comes from Algeria). In all North African gas accounts for some 25 per cent of the EU’s present gas consumption, a proportion likely to increase in the near future. Algeria is one of the main suppliers linked to Southern Europe through two main pipelines (through Tunisia in the case of Italy and through Morocco in the case of Spain and Portugal). Sabotage attempts on both these pipelines by armed Islamists insurgents have been reported in 1996 and 1997. The main vulnerability of gas supplies to Europe is primarily a result of the open confrontation between radical Islamist factions and the military in Algeria.


64 The need to control the proliferation of arms was seen urgent in the early 1990s. North Africa and the Middle East purchased significantly more weaponry than other developing regions. Most European countries had come within the range of North Africa and Middle Eastern missile delivery systems.
rights, absence of democracy, rule of law, economic underdevelopment, social instability, religious fundamentalism.

1. Hard Security Concerns:

a. Arab-Israeli Conflict

One of the major security threats for the European Union is the Arab-Israeli conflict. “The European Union’s role in the Arab-Israeli conflict has been a benchmark of its status as an international political actor”. It has struggled to make its influence felt. The lack of cohesion among the member states on the issue and the weakness of the EU’s foreign policy institutions have left it playing second and third roles compared to the US and other actors. The USA continues to be the dominant external political force in the Middle East and it is the only actor capable of forcing the Palestinian Authority and Israeli governments to dialogue.

At the Madrid Conference in 1991, the European Union played only a marginal role with an “observer” status as the USA and Russia co-sponsored the launch of Israeli-Palestinian “bilateral track”. The EU Special Envoy’s mandate, Ricardo Gomez, explains that the appointment of an EU special envoy was aimed at establishing the political presence of the EU rather than attempting major diplomatic offensives. His presence was more important to the Palestinians than to the Israelis. After the 1990s, the EU was able to establish a distinct role for itself as the major financial supporter of the Peace Process65. The EU’s leading role was revealed in the Multilateral Working

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Groups set up to channel international financial aid to the region and coordinate projects in the economic, infrastructural, social and environmental spheres.66

Towards the end of 1996, the advent of a new Likud-led Israeli government and the stall in Arab-Israeli negotiations reflected Europe’s long-standing frustration at the marginalization from the central political developments of the Peace Process67. It is in the aftermath of the outbreak of the second Intifada in September 2000, in the framework of international efforts to contain the prolonged Israeli-Palestinian violence, that European diplomacy in the Arab-Israeli conflict gained importance. Three major factors had limited the EU’s role in the Mediterranean region: First, the failure of the European Union to adopt the Charter for Peace and Stability in the Middle East. Second, the lack of European unified vision and political will to deal with crises of this magnitude. Moreover, the absence of joint European military and security tools for dealing with such crises further marginalized European Union’s role in the Peace Process, forcing them to remain dependent on the US and NATO for tasks of this nature. The third factor is the EU’s historical stance regarding the Peace Process as expressed in the Venice Declaration of 1980. The Venice declaration was the first instance where the European Union expressed a unified European position regarding the Arab-Israeli conflict. In the Venice declaration the European countries expressed their commitment to a peaceful solution to the Arab-Israeli conflict on the basis of UN

66 It acted as co-organizer of the Environment, Refugee and Water working groups, more significantly it was the leader of the Regional Economic Development Working Group (REDWEG)66 allowing it to direct international financial assistance to the Palestinian territories. The European Union became an active contributor to the Arms Control and Regional Security working group (ACRS), another multilateral forum established by the Madrid conference. (Individual states were entrusted with leading discussions in certain areas).

Security Council resolutions 242 and 338 and the principles of Land for Peace. The Venice Declaration aggravated Israeli-European relations from which Europe has only partly recovered. The Israelis have been staunchly opposing to any significant EU involvement in the Peace Process due to its “biased support of Arab causes”.

Even though the Peace Process was a high European priority and Europe had always sought to play a full role in working towards a peaceful settlement, the role that it proposed for itself reflected its lack of cohesion and leverage. It remained limited to the provision of financial assistance and support for a progress on the multilateral track of the Peace process.

b. The Threat of Regional War

The threat of regional war should not be minimized given the tense inter-Arab and inter-Middle Eastern rivalries and the growing US threats against a number of Middle Eastern regimes. These fears have been intensified due to the American-led war against Iraq which toppled the Ba’thist regime for allegedly harboring weapons of mass destruction. European countries firmly oppose the extension of these “preventive attacks” to other Middle Eastern regimes for fear that any attack in the region might possibly lead to destabilizing the Mediterranean region. These oppositions have increased as the chaos continues in Iraq and the US refuses the involvement of the United Nations and the European Union in any role in the reconstruction of Iraq. It

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has been observed by political analysts that the American unilateral military campaign against Iraq threatens the international coalition for combating terrorism. In the absence of clear international consensus and a mandate from the United Nations, and the lack of political will to press towards the peaceful conclusion of the Arab-Israeli conflict, it is most likely that some European countries will continue to oppose any American initiative for the Mediterranean region.

Another threat to security are the inter-south rivalries, such as confrontations between Morocco and Algeria over the Western Sahara, Libya and Tunisia over territorial disputes and Egypt and Sudan over ending the Sudanese civil war and the possible partition of Sudan. Besides these risks, there are also the possible but remote risks of north-south military confrontation due to the Israeli-Turkish axis aimed at containing Syria and Iran, and the Spanish-Moroccan dispute over the Ceuta and Melilla enclaves. The risk of north-north military confrontation in the context of the Greek-Turkish dispute over Cyprus remains present but remote.\(^\text{70}\)

It is observed that a north-north Mediterranean military confrontation could be expected to be solved within the framework of European security institutions. The solution of north-south and south-south disputes will have to wait for the establishment of new inter-Mediterranean security institutions.

c. Threat of Nuclear Proliferation

Another hard security threat is the possibility of the proliferation of weapons of mass destruction. There is a tendency in western strategic studies to present weapons of mass destruction and missile proliferation as a risk emerging from the southern

\(^{70}\text{Ibid.}\)
authoritarian regimes and flowing to the democratic north. The threat of proliferation of weapons of mass destruction acquires serious dimensions when it is coupled with the proliferators’ revolutionary perspective.

Radical Middle Eastern regimes, among them Islamic governments that are hostile to the US and the West in general, are considered among the most threatening. Most analysts concentrate on the dangers of an Islamic bomb being used as a south-south deterrent or confrontation; Southern states are more fearful of threats coming from neighboring states than those emanating from the West. But the idea of an “Islamic bomb” is misleading. For example, the case of the Pakistani nuclear program to which the concept of an “Islamic Bomb” was first attributed, was developed in the 1970s in the context of the confrontation with India and not due to hostility towards the West. Consequently, the programs for the development and acquisition of weapons of mass destructions by Southern Mediterranean states should be assessed rather in the context of inter-Mediterranean hostilities and regional ambitions.

It is doubtful that any European initiative for the control of proliferation would succeed in the current regional framework. One of the fundamental policy issues is the neutralization of Israeli nuclear capability as a motivation and justification for other regional states to acquire a similar capability. Even though the EU’s Mediterranean policy aims “to promote the signature and ratification by Mediterranean partners of all non-proliferation instruments”, it is doubtful that such initiatives will lead to any fruitful results, given the absence of political motivation by many Mediterranean non-proliferation treaty members to adhere to such agreements. An Arab-Israeli peace process remains the key factor for the success of any attempts to control WMD.

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proliferation in the Mediterranean. The solution of the Arab-Israeli conflict would remove the justification for the development of weapons of mass destruction programs\textsuperscript{72}.

d. Terrorism

After the terrorist attacks of September 11 on the World Trade Center and the Pentagon, combating terrorism has been an increased priority for the US as well as the European Union. Terrorism in the Mediterranean region has its negative security implications for the European Union due to the possible spill-over effects into the European continent.

Terrorist threats in the Mediterranean area come from three main sources: the failure of the Peace Process between Israel and the Palestinians, the struggle between Middle Eastern regimes and Sunni fundamentalist opposition groups, and terrorist fundamentalist groups’ agenda that aim at defeating western hegemony through targeting western interests in all parts of the world.

Terrorist threats emanating from the failure of the Peace Process remain confined to the Palestinian territories, just as the terrorist activities of Islamist opposition struggles remain confined within their respective authoritarian regimes. However, despite their confinement, the dangers of regional spill-over should not be underestimated.

Despite the European Union’s participation in the international coalition for combating terrorism, any attempt to eradicate terrorism from the Mediterranean area is bound to fail in the absence of a comprehensive strategy for a peaceful solution to the

\textsuperscript{72}Ibid.
Arab-Israeli conflict and a commitment to the promotion of democracy in the Southern Mediterranean countries.

2. Soft Security Concerns

a. Regime Destabilization

The threat of regime destabilization in the Southern Mediterranean countries is primarily linked to two possible cases: the risk of inter-state ethnic conflicts and radical regime takeovers. After the end of the Cold War, ethnic ideologies have resurfaced to challenge the post-cold war paradigms that have defined interstate relations for the past five decades. Ethno-nationalist aspirations have resurfaced, for example the Kurds in Iraq, Turkey and Syria and the Sahrawi populations in Morocco. Another type of threat is the “regime take-over case” such as the Algerian crisis.

The European Union’s efforts to promote and strengthen democratic institutions, good governance, the rule of law and the promotion of human rights is concrete evidence that the European Union is alert to the fact that these deficiencies pose a threat for European Security. Democratization was considered as the “safest” way to reassure the radical opposition and ethnic groups. The European Union has remained cautious in adopting policies that might threaten the regimes’ stability in the region; the fear that democratization with public mobilization might destabilize the region has led the European Union to adopt a passive strategy based on dialogue, on economic liberalization with the South in order to avoid a possible conflict between change and stability. For the European Union, the causes of destabilization are civil war or a take-over by anti-western Islamists. The European Union’s efforts to promote democracy are

\(^{73}\) Ibid
insufficient as long as the Southern Mediterranean ruling elites do not have the political will to promote democracy. As long as the Mediterranean countries refuse to reform their judicial, legal, administrative, political and economic institutions, the prospects for democracy in the region are slim.

b. Socio-Economic Crises

The risk of economic collapse in the Southern Mediterranean countries threatens to aggravate the problem of migration which is the outcome of the Southern Mediterranean’s growing population and slow economic growth. The Common Foreign and Security Policy proposes an elaborate plan for economic and social development in the Mediterranean region, mainly within the framework of the EMP. The Mediterranean strategy aims at the creation of a large market, at the formation of a prosperous and investment friendly regional order, and the promotion of south-south integration.

The main problem remains with the link between economic transformation and political stability and legitimacy. Economic reforms may, in the long term, assure stability but in the short term, political risks are also important, especially when dissatisfaction with the ruling political orders is widespread. It would be difficult for the existing regimes to respond to the rising expectations for a fair distribution of wealth and opportunity as liberalization widens the poverty gap. It is unlikely that the ruling elites are willing to introduce economic reforms as these would inevitably lead to a loss of control over the means of production and gradually erode their overall control.\textsuperscript{74}

\textsuperscript{74} Ibid
c. Rise of Islamic Fundamentalism

For many EU member states and for the Middle East and North Africa, the growing popularity of Islamic opposition movements across the region was regarded as a new threat to security. France, for example, considered the rapid expansion of militant Islamic organizations as one of its key foreign policy challenges of the 1990s. Large populations of Muslims in France, Germany and the UK made relations with the Islamic world an internal as well as an external one for member governments. There was a considerable hostility towards a “West” that proclaimed a support for democratization but at the same time used its influence to prevent Islamic opposition movements coming to power. Many regimes in North Africa and the Middle East enjoyed the overt support or tacit approval of EU member states in their fear to safeguard commercial and political interests.\(^75\)

In most of the Southern Mediterranean countries Islamist movements have gained popularity with effective municipal organization. In many countries, Islamist fundamentalist movements have been successful in providing services unavailable on a state level.\(^76\) Despite the anti-western feelings shared by most Islamic fundamentalist groups, it is possible to assume that these groups do not constitute a monolithic unified group. Most of the anti-western feelings are directed towards the US and Israel. As the European Union has a more balanced position towards the Palestinian question and US-Iraq confrontation, the relations of the Muslim world with the Union are more open. An Islamic take-over in any Southern country remains a regional threat. For Europe, the


\(^{76}\) Ibid
major and immediate security implication is the presence of a large Muslim community inside Europe.

d. Illegal Immigration

By launching the EMP, the European Union’s primary security objective was to find some way of dealing with uncontrolled economic migration and the dangers of spillovers of domestic violence, by encouraging sustained and successful economic development amongst Southern Mediterranean states.

Of Europe’s 20 million migrants of foreign origin, the Mediterranean - mainly the Maghreb and Turkey - accounts for almost 9 million. The Euro-Mediterranean Partnership aimed at establishing a free trade area where everyone and everything may travel freely. Goods, services, and capital may travel; the people from the south must stay at home. This is one of the criticisms aimed at the Partnership. In 2003, the Spanish police arrested almost 90,000 illegal immigrants. Proposals to create camps in or close to the countries of origin were advanced by Spain. From these camps asylum seekers would be selected; an example of this was Italy establishing camps in Libya. Legal migration from Mediterranean partner countries represented only 8 to 10 per cent of the total immigration to the EU. It is likely that economic migration will increase as a result of the persistent deterioration of the socio-economic conditions in the Mediterranean. Approximately 500,000 illegal immigrants, a large number of which are from the Maghreb, enter Europe annually. The flow of illegal immigrants is unlikely to cease while the European Union grows richer and socio-economic disparities between Europe and its Southern Mediterranean neighbors widen.
In the third basket of the Barcelona Declaration, the twenty-seven signatory
countries make a clear distinction between migration and illegal immigration. The
twenty-seven partners acknowledged in the Barcelona Declaration the importance of the
role played by migration in their relationships; they also added that they must cooperate
in order to “reduce migratory pressures”, among other things through vocational
training programs and programs assisting job creation.
CHAPTER IV

THE EURO-MEDITERRANEAN PARTNERSHIP’S POLICY OF DEMOCRACY AND HUMAN RIGHTS PROMOTION - MOROCCO AND EGYPT’S CASE -

A. Introduction

At the beginning of the 21st Century the European Union was one of the most important international actors in the field of democracy promotion for third states. It is widely recognized that the EU succeeded in facilitating the fast democratization of Greece, Spain, and Portugal in the 1970s and early 1980s and more recently in Central and Eastern European countries, through the main instrument of conditionality and the incentive of membership. The European Union continues to adopt this strategy of democracy promotion based on conditionality and the incentive of membership towards the candidate (Croatia and Turkey) and potential candidate (Albania, Bosnia-Herzegovina, FYROM and Serbia-Montenegro) countries.\(^{77}\)

In 1972, the European Economic Community (EEC) started its Global Mediterranean Policy (GMP) under which cooperation was limited to economic and financial aid in the form of bilateral financial protocols. In the 1980s, the Renovated Mediterranean Policy (RMP) continued with the policy of development assistance and increased the aid packages associated with the fourth generation of financial protocols; the RMP started to emphasize the importance of human rights, and enabled the

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European Parliament to freeze the budget of a financial protocol when faced with serious human rights violations. The Lisbon Summit of 26-27 June, 1992 approved the proposals for a Euro-Maghreb Partnership, shifting the emphasis from development co-operation to partnership. The Euro-Maghreb Partnership gave greater emphasis to democracy and respect for human rights even though it was limited to information exchanges and mutual consultations on security and political matters.

The first chapter of the Barcelona Process makes full reference to compliance with democracy, the rule of law and human rights in the Political and Security Chapter. The parties undertake to develop the rule of law and democracy in their political systems and to respect and guarantee the exercise of human rights and fundamental freedoms without any discrimination\(^\text{78}\). However, ten years after the establishment of the Barcelona Process, reality lags behind the aims, and the link between economic reform and political liberalization has failed to materialize. Economic reforms have largely failed to encourage political reform. The Partnership failed to address seriously political issues, namely democracy and human rights. What is particularly serious is that it has actually served to support the status quo. The EuroMESco report\(^\text{79}\) states that “there is a widespread acknowledgement that there is no viable alternative, and that the long-term approach to reform adopted by the EMP is actually the most appropriate”. A view which was reinforced after September 11, the war on Iraq and various regional reform initiatives such as G8 initiative for the Middle East and even European initiatives such as the European Neighborhood Policy.

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\(^{78}\) According to the European Council decision of May 1995 a “human rights” or “conditionality” clause has been included in all Euro-Mediterranean Association Agreements signed with the Mediterranean partner countries.

This chapter presents an assessment of EMP’s democratic and human rights policy; it will present an assessment of the progress, the achievements and the shortcomings of the process; it will attempt to present the impact of the EU’s policies on the EU’s democracy promotion instruments; finally, it discusses the impact of a democratic and human rights promotion policy in Morocco and Egypt. As the EuroMeSCo report states, “the absence of reliable indicators and EMP evaluation mechanisms makes it difficult to assess the political aspect of the partnership, including the political implications of the economic chapter. Although there are available general indicators on governance and development trends, it is not easy to establish a causal link between such indicators and the EMP”\textsuperscript{80}. The methodology adopted is to compare the reality or the achievements with the objectives stated in the Declaration.

Morocco and Egypt represent two different cases: in the first, the political will of the government has led to substantial democratic reform. In the second, the skepticism and suspicions of EMP, and lack of will on behalf of the government, have hindered democratic reforms.

B. European Mediterranean Partnership’s Policy of Democracy and Human Rights Promotion

The analysis of the EU’s democracy promotion policies proceeds on a clear understanding of the capabilities that the EU does and does not possess. In contrast to an analysis of US policies, a study of the EU’s democracy promotion program requires an analysis of the extent to which fifteen governments (as of today’s date, twenty-five) were and are able and willing to act in concert. This requires an examination of the

degree to which European governments were actually in a position to mobilize in a coordinated way the policy instruments that would lead to the promotion of democracy and human rights\textsuperscript{81}.

1. European Union’s institutions and the Policy of Democracy and Human Rights Promotion

The European Union’s institutional structure and policy instrument is derived from its nature; the EU is based on a set of intergovernmental and supranational institutions. The European Union lacks an effective military, as well as a coherent common foreign policy. The European Union has developed “a set of institutions” that would hopefully lead to the development of a European foreign policy. The Treaty of the European Union, signed at Maastricht in 1993, established the Common Foreign Security Policy\textsuperscript{82} (CFSP) as the second pillar\textsuperscript{83} of the European Union, which has as its main task forging and preserving the consistency of the European Union’s “common

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\textsuperscript{82} The Amsterdam Treaty states five fundamental objectives of the CFSP: 1) to safeguard the common values, fundamental interests, independence and integrity of the Union. 2) To strengthen the security of the Union. 3) To preserve peace and strengthen international security of the Union. 4) To promote international co-operation. 5) To develop and consolidate democracy and the rule of law, together with respect for human rights and fundamental freedoms. Comparing to the first pillar that is the European Community, the CFSP is an intergovernmental set of institutions and policies.

CFSP’s forerunner, the European Political Cooperation (EPC) established in 1969, was vague in its scope and limited in its institutional design. The Single European Act, by legally recognizing the institutions of the EPC, had expressed a prelude towards a separate pillar, parallel to the European Community, and an expression of ambition towards a common foreign policy and a first step towards the “Brusselisation” (the gradual transfer of foreign policy-making authority away from the national capitals to Brussels) of national foreign policies.


\textsuperscript{83} The first pillar being the European Community which is based on supranational institutions, the second and the third pillars are the CFSP and the Justice and Home Affairs (JHA) which are intergovernmental institutions.
foreign policy”. The subsequent treaties, the Treaty of Amsterdam (1997), and the Treaty of Nice (2000, introduced new provisions\(^8^4\). These aimed at providing the EU with a certain capability to act with a “single mind”, but these new provisions or reforms are highly contested; moreover they haven’t provided the EU with the necessary unity and the “means” to act quickly and effectively on the international scene. The CFSP is an intergovernmental set of institutions and policies with decision-making by consensus. Member-states are not bound to co-ordinate their foreign policy positions and they retain the scope to pursue separate national diplomacy in parallel or without CFSP coordination.

The Maastricht Treaty and the subsequent treaties were unable to create a central unifying representative body of EU foreign policy; there is competition between the Commission and the Council to be the primary agent representing the Union on the international scene. The Commission aims at abolishing the pillar structure and to bringing all external policy under the EC wing and in this way to become the central focus of European foreign policy-making. The Troika system adopted within the CFSP (the past, present and future Presidents of the European Council (plus the Commission) have the task of representing the Union on the international scene) “ensures the inconsistency and the confusion among the member states and the Union’s partners”

\(^{8^4}\)Such as constructive abstention (for some analysts it is considered as a “destructive abstention”) which sets out conditions in which a member state may dissociate itself from a CFSP decision, allowing the decision to go ahead but without having to implement it, the possibility of referring a decision to the European Council if a Member State resorts to a veto, the nomination of the Secretary General of the European Council as the High representative of the CFSP (the European Council’s Secretary General Mr. Javier Solana is the High representative of the CFSP), the extension of the application of the qualified majority vote (QMV) with the qualified majority vote each member state is allocated a certain number of votes in approximate relation to its size) to new areas such as the application of the QMV in the phase of implementation of a CFSP decision, but strategic choices still have to be agreed unanimously, the establishment of the new Council unit for “Policy Planning and Early Warning”. These new provisions among others are contested and have become the subject of academic and political debate.

Ibid
concerning who is speaking in the name of Europe or to whom they should speak when wishing to address Europe. The EU member states have sought to preserve their sovereignty when it comes to foreign policy; foreign policy remains a “domaine réservé” of the member states.

As for trade policy, it has been within the Commission’s exclusive competence since the inception of the EC. Member states had traditionally maintained their control on commercial policy through their representatives on Article 113 Committee of Trade Officials. A qualified majority formally made the decision-making. Where commercial issues touched on important national interest, such as agriculture, consensus was sought. As for the international trade agenda, this encompassed new issues such as services, investment, and intellectual trade, which had not been ceded to the Commission. Member states resisted proposals explicitly to supranationalize competences for these areas of trade policy, and a number of governments, in particular the French, in fact insisted on new constraints over the Commission’s freedom to maneuver in trade negotiations. As for the development policy, in the 1990s there was clear rejection for its Europeanization. The proportion of total EU aid channeled through the Commission’s development programs increased but member states retained their own bilateral programs and resisted any significant pooling of aid budgets. Member states were enjoined by the Treaty of the European Union to more tightly coordinate their bilateral programs but there was no formal restriction preventing each from continuing to pursue its own distinctive aid profile. It is within this institutional framework that the instruments aimed at pursuing the democracy promotion were elaborated. Each of the different areas of policy – diplomatic, commercial, development, assistance and security

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was subject to different policy-making. However, no area of policy is entirely intergovernmental or supranational, but divided between the two logics.

2. The Evolution of the European Union’s Democracy and Human Rights Policy

Human rights and political reform were entirely absent from the EU’s relations with the Mediterranean from the 1970s into the 1990s. The Euro-Arab dialogue had insisted on the importance of non-interference by the EU in internal politics and the EU prioritized the strengthening of its own role and profile within the MEPP.

In the early 1990s, as the EU started to adopt the aim of promoting democracy as the broad guiding principle of its foreign policy, strategy documents relating specifically to the Mediterranean made no mention of the encouragement of political liberalization as an important objective for this region.

The EU called for enhanced political dialogue, but without express mention of the need to reform within the Mediterranean region. The EU introduced political conditionality in new agreements signed during the early 1990s with the African, Caribbean and Pacific (ACP) states, Eastern Europe and Latin America but conditionality clauses were absent from relations with the Southern Mediterranean.

The main objective of the EU’s policy towards the Mediterranean was to alleviate the hostility towards Europe that had taken root among the region’s population as a result of the Gulf War. The amount of aid allocated to the Mediterranean in 1992-96 was 1.8 billion ECUs, three times more than during the preceding five years. The

86 Ibid.
87 Ibid.
The proportion of EC aid allocated to the Mediterranean increased over this period, from 11.8 per cent to 12.7 per cent. In the 1990s, the European Parliament protested against human rights abuses in the Mediterranean. In 1992, it refused to grant its consent for the new Fourth Protocol aid allocated for Morocco and Syria on human rights grounds. For South Mediterranean countries, political conditionality was widely seen as a new kind of pretentious, quasi-colonial interventionism on the part of the EU. Both the Commission and member states objected to the EP’s use of conditionality on specific human rights issues, such as in Morocco, concerning democratic shortfalls. On the other hand, European governments did exert pressure on Mediterranean Partners; for example, the EP released funds for Syria in December 1993, after a number of Islamist prisoners had been released but this was without any improvement in the country’s human rights situation. As for Morocco, in response to the EPs action, Morocco immediately suspended negotiations for a new fishing agreement designed to provide access to Moroccan waters for Spanish and Portuguese fishing vessels. The Spanish government not only openly criticized the EP, but presented a proposal for upgrading relations with Morocco, expressly based on a series of new commercial measures over which the EP would not have any influence. Richard Youngs explains that it was the EP’s action that galvanized member states into bringing forward new measures to upgrade relations with the Mediterranean.

The European Union’s commitment to democracy promotion was manifested by the introduction of provisions for the development of political aid projects. The Maastricht treaty (1993) for the first time listed the promotion of human rights.

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88 Ibid.
89 Ibid
democracy and the rule of law as falling formally within the aims of the EU development policy. A number of budgets were established specifically to fund democracy and human rights; in 1994 the European Parliament presented a set of proposals that aimed at advancing democracy and human rights called “Initiative for the Promotion of Democracy and Human Rights” to be managed by the Commission. In 1992, the General Affairs Council of foreign ministers established a broad range of democracy assistance initiatives, emphasizing the need to pay greater attention to strengthening civil society (especially through NGOs) with grass-roots representation and including reference to funding for state institutions and the political society. Within the framework of the European Initiative for Democracy and Human Rights of 1994, the MEDA-Democracy Program (MDP) was a major component of the EMP’s third basket on social, cultural and human affairs. The MDP’s main purpose was to grant financial support to civil society members and public bodies with projects aiming to develop democracy and the rule of law.

Clauses referring to democratic assistance were included in new agreements signed with third countries. Such clauses within regional aid protocols expressly aimed at additional assistance being given to those countries committed to establishing democracy and to cooperating with the European Union⁹⁰.

Youngs explains that the Barcelona Process was the first initiative aimed at enhancing cooperation over the promotion of democracy and human rights as an

⁹⁰Funds allocated to political aid increased markedly during the 1990s. Neither member states nor the Commission used a US style “democracy assistance” definition but rather favored broader categories combining human rights, governance, democracy, and peace-building. An overall $800 million per year was allocated by 1999. Germany was the biggest EU provider of political aid, allocating $200 million a year. Sweden’s 11 per cent of its aid budget was allocated to democracy and human rights work. The resources allocated under the Commission’s Initiative for the Promotion of Democracy and Human Rights increased from 59 million euros in 1994 to 102 million euros in 2001. The Commission’s Initiative funded projects in the ACP states, Eastern and Central Europe and the Balkans, Latin America, the Mediterranean, the former Soviet Union and Asia.
integral part of EU-Mediterranean relations. Before 1995, such an objective had been excluded; it was included only within the negotiations for association agreements that had commenced with Israel, Morocco and Tunisia. Despite the incorporation of democratic principles, the political basket was vague alongside the extensive and detailed timetables for economic liberalization.

3. The European Union’s Policy Instruments of Democracy and Human Rights Promotion

The purpose of promoting democracy and human rights is stated clearly in the Barcelona Declaration. The Declaration points to a number of specific human rights mechanisms that are to be implemented by EMP partners. The association agreements elaborate the same goals, the commitment to democratic reform, in Article 2 of each of these agreements. There are many policy instruments that are elaborated in order to promote democracy and human rights in the EMP, these instruments are set by the European Union’s initiative or that of the partners.

a. Conditionality

As we stated earlier, both bilateral association agreements between the EU and individual countries, and multilateral documents attach great importance to progress on democracy and human rights, yet in practice the EU has not shown any determination to see that such undertakings are respected91. The EU has not imposed democracy-related conditionality on EMP partner states. Trade and aid have not been withdrawn in

91 Judy Batt, Dov Lynch, Antonio Missiroli, Martin Ortega and Dimitrios Triantphyllou, “Partners and Neighbors: A CFSP for a Wider Europe”, Chaillot Papers no 64, (September 2003).
response to authoritarian practice. “Positive or rewards based conditionality\(^92\) has also been weakly implemented, essentially because rewards have coincided with the opportunities the EMP as such is supposed to provide; rewards were considered a result of the implementation of the EMP\(^93\).

Richard Youngs explains that positive conditionality has worked effectively in the context of EU enlargement, where it was backed by the prospect of being included in the Union. The EU cannot and does not offer the same standpoint to its southern partners, and it is not likely that the southern partners are or would be willing to enter the EU as full members. Positive conditionality has not proved very efficient in this instance.

b. Indirect Policies

The European Union has implemented policies considered as more indirectly fostering democracy and human rights, in other words those that promote assistance to sectors of society that are expected to play an important role in the development of democracy and the protection of human rights. The concept of the EMP is based on the hypothesis that economic assistance would indirectly promote democracy by fostering good governance, which in turn is expected to promote further economic development.

Five main categories of policies are directed at creating an environment conducive to promoting democracy: good governance, the rule of law, exchanges and

\(^92\) “Political conditionality entails linking by a state or international organization, of benefits to another state, to the fulfillment of conditions relating to the protection of human rights and the advancement of democratic principles”. Michele Comelli, “The approach of the European Neighborhood Policy (ENP): Distinctive features and differences with the Euro-Mediterranean Partnership”, IGC Net Conference (Brussels, 2005).

mobility between individuals and groups of the partner countries, information flows between individuals and people, and cultural and religious dialogue which had been an important and sensitive issue in previous policies.  

The rule of law is promoted in the EMP through the program set out by the 2002 Valencia Action Plan. This plan aims at strengthening the judicial institutions, the fight against illicit trafficking, organized crime, terrorism and illegal migration. It has led to the adoption of MEDA “Justice, Freedom and Security Program”. One of the projects of this program concerns the rule of law; it is referred to as a program on “justice” and is aimed at creating an inter-professional community of magistrates, lawyers, and clerks, strengthening the rule of law, and the effective implementation of human rights.

Relatively large projects on judicial reform have been launched in Algeria (€15 million), Morocco (€28 million), and Tunisia (€30 million). In Algeria, for example, a police reform project has been carried out in the framework of the EMP; the main objective has been to professionalize Algerian police forces and to enhance respect for human rights and the rule of law. Moreover, an important goal of the EU has been to improve the ability of the Algerian police to manage migratory flows. Since 1999, EU countries have been devoting more attention to internal security or Justice and Home Affairs cooperation with Arab EMP countries (such as illegal immigration, drug trafficking and organized crime), regular meetings of senior officials of interior ministries were held in parallel with meetings on political and security matters. Since 9/11 these efforts have focused also on terrorism. The newest generation of association agreements contain clauses on security cooperation relating to the fight against

94 Ibid

terrorism. The negative aspect of these anti-terrorist clauses is that they give the partner state carte blanche with regards to its security sector, as well as its arms trade and defense policies; this is detrimental to improving accountability of and respect for human rights by the security forces of Arab EMP countries. For example, Morocco has been criticized by human rights organizations for its anti-terror legislation and policies adopted in the aftermath of the Casablanca bombings in 2003.

During the 1990s, policies promoting exchanges and mobility were important, but these programs were subsequently cancelled and such policies have recently received less attention. Examples are the Tempus program and EuroMed Youth, which were extended to the Southern Mediterranean countries of the EU. Other initiatives aimed at cultural and religious dialogue such as the Euro-Med Heritage program and the Anna Lindh Euro-Mediterranean Foundation for the Dialogue between Cultures. Most activities within these programs are efforts to promote cultural and interfaith dialogue that is perceived by elites on both sides of the Mediterranean as a key challenge for the future.

Today, one of the questions posed is whether indirect policies can really help promote democratization. Indirect policies are consistent with the EU “civilian power” identity and with the limitations to the EU common foreign and security policy. The EU’s indirect policies can at best influence in a limited fashion and over the long-term. They are seen as instruments for socialization in the short-term. By facilitating socialization, these policies contribute to establishing a sense of solidarity and partnership that is incremental for the idea of “security community”.

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c. Enhancing the Role of the Civil Society in the Promotion of Democracy and Human Rights

All these policies have the task of mobilizing partner countries’ civil societies. They are expected to ensure powerful, bottom-up, dynamics for promoting political reform and change from inside, although such change is not to be expected in the short-term. In order to enhance the role of civil society, a third policy instrument aims at funding civil society initiatives that are directed at fostering democracy and human rights in the Southern Mediterranean partner countries. The European Initiative for Democracy and Human Rights (EIDHR) is a fund aimed at providing grants to international, regional and non-governmental organizations (NGOs) to strengthen democratization, good governance, the rule of law and human rights. Moreover, the EIDHR envisages three specific thematic aims: the abolition of the death penalty; the fight against torture, and impunity and support for international tribunals and criminal courts; and combating racism and xenophobia: discrimination against minorities and indigenous peoples. The EIDHR is considered the EU instrument most directly aimed at promoting and assisting democracy and human rights.

The EIDHR negotiates its grants directly with Southern Mediterranean NGOs without any governmental intervention or participation. The EIDHR funds global and regional projects such as: implementation of human rights instruments; abolishing the death penalty; torture prevention and rehabilitation; support for victims of human rights violations; international tribunals and the international Criminal Court; protection of indigenous peoples; and the establishment of a non-governmental conflict prevention network. It incorporates a number of projects related to regions including the Middle East and the Mediterranean. Larger projects, exceeding 300,000 euros, are supported in
so-called “focus countries”, which include Israel, the West Bank and Gaza, Algeria and Tunisia. Micro-projects, of less than 100,000 euros, fund “small-scale human rights and democratization activities carried out by grassroots NGOs”. The EIDHR also funds “targeted projects” that are identified on a case-by-case basis by the Commission. It is noted that Islamic NGOs are not present in the program, and it is unlikely that most would accept an invitation to participate. These policies are unilateral and short of assuming a comprehensive vision of reform; they are directed at “western” style NGOs. At the same time, NGOs accepting to cooperate with these programs perceive a sense of interference and often experience problems with more nationalist and religious NGOs.

In 2004, the EIDHR budgeted 132.63 million euros, of which 14.15 million were devoted to the Middle East and the Mediterranean (3.72 million to regional projects; 10.43 million to focus on country projects and micro-projects). The resources that EIDHR currently channels to the Mediterranean partners will be incorporated into the ENPI after 2007; they will become part of the ENP framework. Meanwhile, democracy and human rights assistance within the framework of the emerging action plans will be funded through MEDA.

C. A General Assessment of the Effectiveness and the Shortcomings of the EMP Policy Instruments of Democracy and Human Rights Promotion

After ten years the outcome, in general, is not satisfactory. Roberto Aliboni explains that after September 11, 2001 the focus shifted from human rights to broad political reform. Even though the EU’s public opinion is more sensitive to human rights, governments and EU elites are more centered on the importance of political reform. There is an overlap between human rights and democracy; the fight for human

\[97\] Ibid
rights within the framework of undemocratic regimes is based on case-by-case effort but the establishment of democracies consists of a more long-term political solution that would be more attentive to human rights. Aliboni explains that democracy promotion policies must be upgraded and better articulated and structured.\(^9^8\)

Secondly, the EU has not applied negative conditionality to EMP partners (Arab partners and Israel). Conditionality has not been applied because Southern European partners have been more concerned than their northern counterparts of the consequences the emerging religious radicalism might have on their security. Aliboni explains that during the 1990s all western countries “acted on the basis of a very simplistic perception of Islamism and shared the sense that Islamist governments would have been worse for the West than existing authoritarian regimes.”\(^9^9\) After September 11, the West appears to differentiate more between different types of Islamist groups; it is observed that moderate Islamist groups have to be integrated into the overall domestic political process; western support to authoritarian regimes has become less strong. Again, these considerations are not immediately reflected in concrete strategies. Stability remains a central concern in western policies and continues to militate against applying conditionality.\(^1^0^0\).

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\(^9^9\) They shared the assessment made by Edward Djerejian - then US undersecretary of state – about what a FIS victory in Algeria’s 1991 elections would have led.

Aliboni explains that conditionality can be applied only within the framework of a shared process of political reform; it is only such a framework that acquires legitimacy and is accepted by governments and public opinion. In this sense, any advantage provided by negative conditionality comes from the existence of some common ground between the parties. Conditionality had its proper effect in the EU enlargement towards eastern European countries, in contrast to its poor performance in the EMP. For conditionality to have leverage, rewards must also be offered.

The fourth limitation is that budgets for democracy and human rights assistance have been very limited. In the early 1990s, one of the organizational shortcomings affecting democratic assistance was the failure to establish adequate coordination mechanisms. There is no clear analysis of exactly how much was being spent on democracy assistance, where it was being spent and on what type of projects; there was no clear picture of the size or characteristics of the total EU democracy assistance effort. Decisions relative to democracy and human rights assistance were adopted in the absence of a clear picture of the overall distribution of EU democracy aid and how the programs of different member states were implemented in each recipient country. There was no single coordinating unit working specifically on democracy assistance, within neither the commission nor the government of most of the member states. Within the Commission a human rights and democratization unit was set up but it was given very limited powers, even though this department was formally responsible for coordinating human rights and democracy programs. In practice, the geographical departments remained fully in charge, each making their own decisions on funding with little control. There was a disagreement over the precise division of responsibility between the Commission and member states. At the Cologne summit in June 1999, European
leaders acknowledged that these institutional shortcomings had been an obstacle to more effective work on human rights and democracy promotion. The restructuring of the Commission during 1999 created a new department to oversee and coordinate the democracy assistance; this offered a chance of tighter coordination that was lacking during the 1990s. It is only at the beginning of 2001 that the Europe Aid Office was established with the responsibility for coordinating the implementation of aid projects.

Consequently, upgrading and improving EMP policies for promoting democracy and human rights depends crucially on the EU’s overall policy framework in the Mediterranean. Richard Youngs\textsuperscript{101} explains that the EU cannot rely entirely on positive conditionality, which is rooted in a common ground of shared values. Youngs\textsuperscript{102} states that the EU must preserve the means of using negative conditionality and should be prepared to use it, which requires more political cohesion among the EU members.

More resources have to be assigned to democracy and human rights assistance. Besides resources, there are three shortcomings or difficulties to be addressed: 1) the tendency to lean towards human rights and neglect democracy; 2) address the local realities without provoking counterproductive reactions by governments or nationalist-religious sectors; and 3) the lack of locally managed instruments (local instruments to carry out policies need to be diversified and refined).

Moreover, it is important to note that even though the Barcelona Declaration mentions democracy and human rights extensively among its objective they are not the EMP’s most important or primary objective. The other objectives – peace and stability, prosperity, human development, cultural cooperation are seen as complementary to one


\textsuperscript{102} Ibid.
another. It reflects EU thinking on conflict prevention and security that is clearly manifested in the European Security Strategy\textsuperscript{103}. The EU’s policy of assisting partners in attaining democracy and protecting human rights, is an objective that is an integral part of a conflict prevention policy through which the EU helps partners establish a state of structural stability, entailing the implementation of democracy but in combination with sustainable development\textsuperscript{104}. Aliboni states that “EU policy-makers should not forget that policies designed to promote democracy and human rights have to be primarily addressed to citizens and civil society; these policies must enable local actors to promote their own democratic reform strategies”. Finally, “the European Union needs more credibility to effectively promote democracy and human rights. Its current lack of credibility is what prevents potentially democratic groups in the Southern Mediterranean countries from cooperating with EU countries or being more accepting towards EU policies of democracy and human rights promotion. This credibility depends on the EMP demonstrating its relevance to Arab security concerns vis-à-vis Israel”\textsuperscript{105}.

D. The Impact of EMP’s Democracy and Human Rights Promotion in Morocco

Moroccans have viewed the EMP positively, particularly due to the role that MEDA projects have played in enhancing socio-economic reforms. Civil society actors


\textsuperscript{105} Ibid.
in Morocco have been among those most positive to the EMP, mainly because of its efforts at opening doors for dialogue between the peoples from the two sides of the Mediterranean. However, after ten years of the EMP, among conservative political sectors, especially Morocco’s Islamists, there has been criticism of the EMP, believing that the EU is seeking to impose its culture and social values on Muslims through the funding of certain development projects, especially, those that promote women’s rights.

For Morocco, the EMP has been considered a means of carrying out reforms, to the extent that the EMP has inspired a kind of readiness to implement political as well as economic and social changes; it has been seen as an occasion to give the civilian-society the chance to become a pertinent actor in economic and social policy-making. The EMP has played an important role in implementing concrete projects in Morocco through cooperation and the exchanges of experiences; projects in the field of education (e.g. the Tempus program and Erasmus Mundus) have been especially well received by both the government and civil society in Morocco, mainly due to their perceived potential to become effective reform and development instruments.

Before 1995, dealings between Morocco and Europe were almost exclusively financial and economic, in the form of cooperation agreements, commercial exchanges and technological assistance. The EMP has broadened the basis of these relations. During the last ten years, the EU has moved towards considering Morocco a privileged partner and has offered significant support for the country’s economic and social reform programs. The amount of aid allocated in the framework of MEDA II (2000-2006) is approximately 700 million euros; for MEDA I (1995-1999) it was 610 million euros.

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The Association Agreement between the EU and Morocco signed in February 1996 triggered a range of new initiatives and measures to accompany Morocco’s economic transition for the establishment of the EU-Mediterranean free trade area.

Political liberalization in Morocco has been taking place since the 1990s. That it was the “declared will” of a North African country to democratize has been considered a significant step. As we have stated previously, one of the proclaimed aims of the EMP’s political and security package has been to promote democracy and democratic principles with a respect for human rights and the rule of law in the Southern Mediterranean. From the European Commission’s point of view, Morocco’s “balance sheet” appears to be positive\(^{107}\).

The first section discusses the different phases of political liberalization in Morocco, the second section presents EU-Moroccan relations, and the third section presents the EU and Morocco’s political agenda and the impact of EMP on democratic reform in Morocco.

1. The Different Phases of Political Liberalization in Morocco

Morocco’s political liberalization since its independence in 1956 can be divided into four different phases:

a. The First Period (1962-1975)

The first period was characterized by the adoption of Morocco’s first constitution, and the struggle between the monarchy and the two major parties that had emerged from the independence movement: the conservative-nationalist Istiqlal and the left

leaning National Union of Popular Forces (UNFP). According to the 1962 Constitution, the National Assembly, composed of a directly elected House of Representatives and an indirectly elected House of Councilors, had regulatory powers. These powers, however, were delegated at the king’s pleasure. Moreover, the king appointed and dismissed the prime minister and the cabinet; he could dissolve parliament and assume power under emergency laws. Following the first elections of 1963, some legislators from Istiqlal and UNFP started to question the king’s prerogatives and asked the king to “reign but not to rule”; the king, however, managed to strengthen his control. The new constitution of 1970 formalized the weakness of the legislature and the executive. In Article 19 it established that national sovereignty resides in the monarchy, claiming divine legitimacy.

b. The Second Phase (1975-1992)

During the second phase, Hassan II created a national consensus through the Western Sahara campaign. This increased the king’s legitimacy as defender of the country’s territorial integrity. As political unanimity surrounding the monarchy was secured, the king made some appeasing gestures. An example of this is in May 1990 when Hassan II established the Royal Consultative Council on Human Rights (CCDH) to resolve cases of forced disappearances and compensate victims of human rights violations. In addition, in 1991, 300 political prisoners were released.


The third period starts with the constitutional revision of 1992 and ends with the death of Hassan II, on 23 July 1999. The 1992 and later 1996 constitutional revisions expanded the powers of the two chambers of parliament and made Moroccan law conform to international human rights conventions. The elections of 1993 were fraudulent and resulted in the victory of the center-right. The opposition requested the king to cancel the elections, but Hassan II refused and appointed a technocratic government headed by Mohamed Karim Lamrani. In the following months, the king created a cabinet level Ministry of Human Rights in the new government. He promoted the efforts of the CCDH, and, at the World Conference on Human Rights, Morocco signed the major conventions, which were subsequently ratified. The code of penal procedures was revised to state officially that torture was forbidden, to establish legal provisions for arrest and to set limits on preventive detention. Political alternance was assured in 1998, when the socialist opposition won the elections and formed a coalition government headed by its leader Abderrahmane Youssoufi. Abderrahmane Youssoufi had been imprisoned by the regime and spent periods in self-imposed exile in protest at the lack of democracy in the kingdom. It has been observed that there was no real transfer of power from government to opposition since real power lay in the hands of the monarch\textsuperscript{109}.

d. The Fourth Period (1999-2006)

The fourth period started with Mohammad VI, upon his ascension to the throne in 1999. Mohammad VI showed willingness for change without following any European

\textsuperscript{109}Ibid.
models of democratization; one of his statements was that he favored “a strong, democratic executive monarchy”. In 2002, the King expanded the mandate and autonomy of the Royal Consultative council on Human Rights and in October 2002, Mohammad VI established the Royal Institute for Amazigh Culture, in order to promote the culture of Human rights in schools, the media, and local governments.

The legislative elections on September 2002 were considered the most transparent in Morocco since 1963. These elections brought to power a coalition of the USFP and the Istiqlal. The King appointed as Prime Minister Driss Jettou, a technocrat with no party affiliation, rather than one from USFP or Istiqlal. The Party of Justice and Development (PJD) was the real winner, it was the only Islamist party allowed to participate, and it tripled its presence and became the largest opposition party in Parliament, although presenting candidates in only 56 of the 91 legislative districts\textsuperscript{110}. It has been observed that the limited participation was negotiated with the Ministry of the Interior to avoid the prospect that Islamists could establish an Islamic State after winning elections. The leadership of PJD complied with the royal plan to reduce the number of seats officially won by the party, as its victory could have had a destabilizing effect on Morocco\textsuperscript{111}.

After the suicide bombings in Casablanca, the Parliament passed a new antiterrorist law. According to this law, police and security forces have the right to hold


suspects without access to a lawyer, to intercept telephone calls, internet communications and mail, and to search domiciles and businesses without a warrant. The law defines terrorism in very broad terms and extends the time limit for detention from three to twelve days, a provision that makes mistreatment and torture of detainees likely to occur. In June 2004, the Ministry of Human Rights was abolished. The Human Rights Ministry was incorporated within the Ministry of Justice. In January 2005, a new code of family law was approved by Parliament to improve the status of women and children. Despite some attempts at reform, such as freedom of expression and public debate, Gillespie believes that there has been no clear regime change.

Baracani explains that Morocco’s political liberalization can be interpreted in two ways: some scholars believe that Morocco is making potential moves towards democracy, even while retaining the monarchy - although most scholars think that the involvement of the king in these moves is disruptive to any democratic development. Others consider that political liberalization has been used to allow the monarch to regain a firm hold on his power and rebuild its legitimacy. Gillespie and Whitehead affirm that Morocco is the only North African country whose authorities have come to make positive statements on democracy and human rights and has devoted considerable effort in the road to political pluralism, but power has remained in the hands of the monarchy. It is observed by some political analysts that democratic openings in Morocco should be seen in the light of the struggle for control over the political system between the monarch and the opposition. Most of the reforms are initiated and guided by a governing monarchy whose main aim is preserving its own political powers and economic interests.
Despite its history of political liberalization, Morocco still has to address various challenges if it wants to progress in the process of democratization. Firstly, Morocco must guarantee to respect the principle of the separation of powers. Authority is in the hands of the king who is the head of state, religious leader and head of the military; despite the fact that the Constitution creates an elected bicameral parliament independent of the executive and judiciary branches, the parliament’s powers are limited.

Although since the 1960s, Morocco has held regular relatively open and competitive local and legislative elections, they have been criticized as a mechanism to co-opt the elite through a process of reward and exclusion, rather than as a means of political representation. Even if the constitution stipulates the independence, universal accessibility and legal accountability of the judiciary, in practice the courts are subject to governmental pressure. Most judicial irregularities in non-political cases are in the Islamic courts, the communal and district courts, or the courts of first instance. These courts are characterized by corruption and inefficiency mainly due to legal ambiguities, resource constraints, and non-reliable investigations. In politically charged cases, such as terrorism, corruption of public servants and offences against the monarchy, Islam, or territorial integrity, judges of a higher court may cooperate with the executive\(^\text{112}\).

Although the Moroccan constitution proclaims adherence to international principles concerning human rights protection, the constitution does not state that Moroccan citizens are entitled to inalienable human rights. According to Article 19 of

the Constitution, “it is the king who protects the rights and liberties of the citizens, social groups and organizations”. Consequently, the protection of these rights is dependent on the king. Another matter is the new terrorist law, adopted after the Casablanca terrorist attacks that call into question Morocco’s commitment to international human rights conventions. The use of torture and mistreatment is also widespread in Morocco, especially with detained persons.

Since the 1990s, Morocco has experienced a process of political liberalization that represents progress in public liberties but it has not resulted in the democratization of the political system. During the reign of Mohammad VI few improvements have been introduced, while national and international human rights organizations warn of the danger of political regression; by the harassment of foreign and local journalists; by the banning or seizure of newspapers because of critical commentaries; by the failure to clarify the cases of several hundreds of people who disappeared in previous years; by the imprisonment of human rights defenders and sympathizers of the non-legalized Islamist association *Al Adl Wal Ihsan*\(^\text{113}\). Nevertheless, Morocco is held as the country with the best human rights record in North Africa and even in the Arab world.

Even though the Moroccan Constitution provides for freedom of expression, assembly, association and religion, there have been some problems regarding the guarantee of these freedoms\(^\text{114}\). Moreover, the Antiterrorist Laws and the Press Code permit prison sentences for journalists and publishers whose publications are considered


\(^{114}\) “Hundreds of publications circulate freely in the country, access to international media, newspapers, television, and Internet is unrestricted and the government tolerates critical editorials and articles. Journalists have observed a general self-censorship on sensitive political issues and freedom of expression can be suspended on short notice”.

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offensive to Islam or the monarchy or regarded as a danger to state security. In addition, even though the Constitution provides for the freedom of association, people who want to create an organization must obtain the approval of the Ministry of Interior before holding any meetings.

As for discrimination against women, although the constitution advocates political equality between men and women, there is no reference in Moroccan law to equality in civil matters or education, health and work. According to the personnel status code women are legal minors, they are denied sovereignty to settle a marriage contract, and their right to divorce is restricted. The Statutes of Public Services discriminate against women in matters of family benefits and civil allowances and exclude women from public responsibility in sensitive sectors such as defense, security, intelligence, and telecommunications. The penal code does not protect women against domestic rape, violence and murder.

Finally, corruption in Morocco is part of the political, economic, judicial and administrative systems that have been normalized and institutionalized during decades of authoritarian rule under Hassan II. Even though, the government claims improvements in transparency in public affairs and that a new Anti-corruption Law has been enacted, the problem of major corruption remains unresolved.

2. EU-Moroccan Relations

It was in the 1960s that relations between Morocco and the EU started to flourish. A bilateral association agreement was signed in 1966 for a period of five years, which was replaced in 1976 by a co-operation agreement within the framework of the EEC Global Mediterranean Policy (GMP). In 1987, Hassan II, encouraged by the EC’s
Mediterranean enlargement - which included Greece (1981), and Spain and Portugal (1986) - submitted a formal application to join the EC. Hassan II’s membership request was based on three arguments: Morocco’s commitment to develop a liberal economy; its close economic ties with the European Community; and the democratization of domestic political life\(^{115}\). The application was refused because Morocco was not a European country. In 1991, after the adoption of the European Declaration on Human Rights, the European Parliament (EP) refused to give its consent to the fourth financial protocol (1991-96) for Morocco on grounds of human rights abuses in the Western Sahara and the conditions of political prisoners. The European Parliament’s decision caused strong reactions both from Morocco and some EU governments. The rejection coincided with the beginning of a series of political openings in Morocco and it revealed the lack of dialogue between Morocco and the EU. It also revealed the negative effect that a “negative conditionality” could have on relations with third partners, as well as on EU governments possessing special ties with them. The strong reactions from Morocco led to the softening down of references to democracy and human rights. The Barcelona Declaration states cautiously the kind of democracy to be developed “recognizing …the right of each of the [partners] to choose and freely develop its own political, socio-economic and judicial systems”.

Since 1995, Morocco’s relations with Europe have been within the framework of the EMP. The EU and Morocco signed a bilateral association agreement in February 1996, which aimed at realizing the economic, political and socio-cultural objectives,

and made the relations between EU and Morocco more structured. Even if it has never been applied, the Association Agreement with Morocco contains the conditionality clause: “Respect for the democratic principles and fundamental human rights established by the Universal Declaration of Human Rights shall inspire the domestic and external policies of the Community and of Morocco and shall constitute an essential element of this Agreement”. Moroccan governmental and non-governmental bodies can apply to the EU to fund projects that are within the MEDA Democracy Program (MDP) and have as their aim the promotion of human rights and democratic principles. MDP for Morocco represented only 0.3 per cent of the total amount it received from MEDA I program for 1996-99\textsuperscript{116}.

\textit{3. The EU and Morocco’s Political Agenda and the Impact of EMP on Democratic Reform in Morocco}

Even though Europe has, since the early 1990s, consistently promoted the goals of democratization, the impact of its policies on political change in Morocco is small, and it is not clear whether the EU and individual member states want to promote democracy in Morocco, given their interest in stability and their fear of Islam\textsuperscript{117}. The EU’s approach to human rights and democracy in Morocco is a cautious one. The European Union is worried about radical change and continues its policy of “change within continuity”.

\textsuperscript{116}Ibid

\textsuperscript{117}Ibid
a. Democratization Projects in Morocco within the EMP

The European Union has insisted on the role that the civil society and NGOs can play in promoting democratic principles, good governance and the rule of law. The European Union has channeled its programs and activities through partnership with NGOs and civil members of society. Civil society has flourished as an important element in the political life of Morocco since the early 1990s. The development of the civil society was largely encouraged and perceived positively by the European Union which developed programs geared towards the promotion of democracy in partnership with the civil society and NGOs.

The Moroccan community as well as non-governmental organizations could apply for the EU-MDP Europe Aid to fund projects intended to enhance respect for human rights or to promote democratic principles. In the period 1996-2001, the EU financed forty-eight projects in Morocco; thirty-three centered directly on Morocco, fifteen others involved the country as a partner at regional level. From thirty-three projects, only nine went to national NGOs, eighteen were handled by international NGOs. This reflected the novice character of the majority of the civil society in Morocco. Besides MDP-Europe Aid funded projects, democracy related projects benefiting from MEDA funds were very few, such as the program “support for the ministry of social development” seeking to contribute to the integration of women in social development.

118 "The retreat of the state from certain economic and social domains during the 1980s encouraged the spring in associational life in socio-cultural and economic spheres. Associational life in its modern form started during the mid-1980s with cultural regional associations such as “Bibat Al Fath”, “Fes Saiss”, “Bou Regrag”. Most of these associations were created and headed by people close to the King. Their objectives and activities were limited to socio-cultural development, the environment, arts and sports”. After 1990s several associations emerged in the sphere of human rights and democratic development.

The use of MEDA funds to benefit democracy-related projects has been reinforced under MEDA II using 28 million for the reform of the justice system and 150 million for immigration related projects.

b. The Different Areas of Intervention

The different projects financed in Morocco reveal the direction of the democratization efforts of the EU in Morocco and show the areas in which Moroccan civil society and international NGOs have been active. It shows the civil society that is acceptable to the EU and reveals the extent to which the political agenda of the EU and Morocco were convergent or divergent. In general, the democracy promotion of the EU focuses on areas such as “democratization and the rule of law”, “development of pluralist civil society”, “confidence building to restore peace”. From a Moroccan viewpoint, building a “pluralist civil society” was the most important aim and has received forty-six percent of the total MEDA Democracy Program - Europe Aid funds. Another thirty-seven percent went to “democratization and the rule of law” and seventeen percent to “initiatives for target groups”.

The amounts given to the “pluralist civil society” were centered mainly on encouraging NGOs with a total of five projects which accounted for nineteen percent of the total funds; one regional project for “equal opportunities and non-discrimination” accounted for thirteen percent; twelve percent went on “human rights education and public awareness” with eight projects. The remaining two percent were devoted to “freedom of expression and the media”.

In the domain of “democratization and the rule of law”, the defense of human rights came top with twenty-two percent. Elections, which are considered an important element in democratic development, received only four percent of the funds with three projects, including training seminars for electoral observers organized by the Organisation Marocaine des droits humains.

The projects in the area of “initiatives for target groups” were limited, especially those aimed at helping children and judicial staff, out of seventeen percent in this domain, one percent went to both children and judicial personnel. As for other areas, only two percent of the total MDP funds were invested in promoting more freedom for the press. This has also been the case for election-related projects. Judicial reforms were also considered a part of the MEDA II program, even though its domain is directed towards institutional economic reforms to ensure more governance and transparency rather than towards reforms with significant consequences for democracy.

These areas of intervention reflect the priorities of the EU and Morocco. These projects were financed because they were proposed by the Moroccan civil society. They reflect the areas in which the Moroccan civil society is active. In addition, this reflects the influence of the EU as a donor that favors applications for funds that correspond largely to its strategic priorities. The areas of intervention and the setting of priorities brought about an enhanced communication between the EU as the donor and the government with regard to the priorities to be supported. This cooperation has been clear in the involvement of the Moroccan Ministries of Human Rights and Social Development in a number of democracy and human rights projects financed under the MDP. It has been observed that there is an absence of projects targeted at non-secular pacific groups in setting up associations. One of the touchiest issues in Morocco is the
right of non-violent non-secular Islamist groups to establish organizations. The freedom
of association for Islamist non-violent associations is still absent\(^\text{120}\). There are a number
of religious associations that are denied the right to establish an organization, or they are
not officially recognized, which makes them ineligible for EU funds; such is the case of
the *Al Adl* Islamist group. It has been debated whether the EU can or is willing to
support civil society NGOs that are not officially recognized by the Moroccan
government, or to support intervention in areas that are sensitive, such as support
organizations with an interest in introducing serious institutional and constitutional
reforms in Morocco as major steps towards promoting democracy and the rule of law.

It has been observed that the EU and Morocco’s policy to promote democracy is
the fruit of coordination and consultation in which both parties are engaged through the
Association Council and the Association Committee. Democratization in Morocco has
been the result of the EU’s “softly-softly approach” and the Moroccan government’s
will to democratize in a gradual way. In the aftermath of September 11, most Southern
Mediterranean regimes exploited the atmosphere and became more rigid and less
willing to open-up politically, suppressing all kind of opposition in the name of the fight
against terrorism. But, unlike Egypt’s situation, cases of mass arrests and mediatized
prosecution of Islamists have been rare in Morocco.

These projects and the process of democratization reflect the lack of divergence in
the political agenda of the EU and Morocco. None of the democracy related projects has
been in opposition to government projects and none of the NGOs benefiting from EU
money have been suspended by the Moroccan government. The Moroccan government
has accepted these projects and the absence of friction regarding the projects funded

\(^{120}\text{Ibid}\)
reflects the close co-operation between the EU and Morocco. This lack of divergence is, as already pointed out, due to the EU’s “softly-softly approach” to human rights and democracy in Morocco. The EU’s policy is still a cautious one, it is still worried about upsetting the government and persistent in its attitude of “change within continuity”.

The EU avoids being directly involved in the country’s sensitive democratization agenda, it gives priority to projects designed by international NGOs or local NGOs that are known and recognized by the Moroccan government. Moreover, the economic profits resulting from the association agreements are an important element in encouraging and reinforcing cooperation. If the government is convinced of the need for democratic reform, as in the case of Morocco, it can be beneficial. In Morocco’s case, cooperation with the EU was without friction due to agreement over general political priorities.

Morocco has given the ENP a “warm reception and has been very cooperative regarding its implementation” (European Commission 2004). The Commission’s report on Morocco of May 12 2004 describes and assesses the then current situation as regards the development of the political situation concerning the values of democracy, the rule of law, human rights and fundamental freedoms.

In the part “Democracy and the Rule of Law” the Commission reports six shortcomings. First of all, it is observed that the principles of the separation of powers - enshrined in the 1962 Constitution - are not respected in practice, as the king preserves a significant number of executive prerogatives and exerts a certain amount of legislative power; the Parliament’s powers are still limited, despite the amendments of 1992 and 1996; the political parties are reported to be highly centralized and institutionally weak; the importance of ensuring the impartiality of judges and improved access to justice is
Morocco’s administrative capacity is reported to be poor, which is due to a centralized and hierarchical civil service in which the system of pay is based on seniority with no relation to skills; it is noted that corruption is a serious problem and one of the main causes of the country’s lack of economic growth.

For human rights and fundamental freedoms, the Commission’s report states the following shortcomings: “the unequal implementation of human rights legislation; the lack of ratification of some international human rights protection instruments; the partial implementation of the two new laws concerning the right of association and public assembly; the legislative limits to the freedom of the press; the definition of torture in criminal law which does not conform with that required by the UN.” Conventions to which Morocco is party include discrimination against women; non-compliance with child labor laws; limits to the rights to form and join trade unions for some categories of workers such as agricultural laborers and magistrates; and non-recognition of the Berber speaking community’s cultural and linguistic rights.

There are diverse opinions in Morocco regarding the EU’s use of conditionality. From a Moroccan perspective it is a matter of precisely how this principle is to be implemented; it is observed that the use of conditionality should not affect a country’s sovereignty but it should hold each partner responsible for the principles and rules previously accepted by each of them. For Moroccans, it is not clear if the EMP will be able to respect these ideals while assisting change and reform in Morocco.

E. The Impact of EMP’s Democracy and Human Rights Promotion in Egypt

Despite ten years of cooperation under the Barcelona Process, Europe’s influence in Egypt has remained limited. Egypt has been a priority in the European Union’s
diplomacy mainly due its central role in relation to the Arab-Israeli conflict, and the EU’s ability to achieve political change in Egypt will be crucial for the vitality of the EMP\textsuperscript{121}.

1. Democratic Reform in Egypt

The democratic reforms in Egypt can be interpreted in three different ways. The government’s interpretation, in which President Mubarak’s decision to amend Article 76 of the Egyptian Constitution to permit direct and pluralistic elections for the presidency, was seen as a historic reform, a move that was approved by the majority of Egyptians.

Government circles, newspapers and commentators close to the ruling National Democratic Party (NDP) stress that the constitutional amendment was preceded by a series of political reforms, one of them being the establishment of the National Council for Human Rights and the abrogation of emergency courts. These reform reflect the image of an Egyptian government committed to a gradual democratic reform that aims to preserve stability and security and to guarantee economic growth and an end to poverty and unemployment. On September 7 2005, Mubarak participated in the fifth presidential elections and emerged victorious.

Opposition parties, political movements and protest alliances - mainly the Egyptian Movement for Change, Kifaya - give a second perspective. They accuse the government and the NDP of evading demands for political reform, and at the same time pursuing two of Mubarak’s strategies: making changes that do not affect the regime

structure in any substantial way, and employing systematic repression against opposition forces. From the opposition’s point of view, the amendment of Article 76 of the Constitution was devoid of democratic content due to the nearly impossible conditions governing independent candidates. These conditions are inappropriate for an authoritarian system seeking to democratize. They will make it difficult for opposition parties to nominate candidates for the presidential ballot from 2011 onwards, although such a condition is not unusual in well-established democracies where they are established in order to avoid fragmentation of the political sphere. Because it was introduced, it caused various opposition voices to boycott the presidential elections and consider them fraudulent. Only two major opposition parties nominated their presidents to run against Mubarak: the liberal Wafd party and the newly legalized Tomorrow Party. Secondly, the amendment did not provide for full judicial supervision of the presidential election but rather formed a presidential electoral commission composed of five judges and five public figures appointed by the NDP-controlled parliament. Thirdly, the government has not accepted the demands of the opposition to abrogate the emergency law, lift restrictions on forming political parties, limit the powers of the President of the Republic and provide for checks and balances between government branches. Fourthly, the government has increased its repression of opposition movements, in particular the Muslim Brothers, nearly one thousand of whom were arrested in 2005. Fifth, the government is trying to bypass the demands of Egyptian judges for full and independent judicial supervision of presidential and parliamentary elections by intimidating them.

A third explanation of the current reform process in Egypt sees it as unprecedented in terms of its variety, which gives both the government and the opposition new ways of
political interaction that would lead to greater freedom and pluralism. It is noted that
never since the beginning of the Mubarak era in 1981, has the government faced such
organized opposition and never before have “opposition forces” received attention from
Washington and Western European countries. Despite the slow and limited nature of
reform, the current pluralistic nature of the political scene is heading towards a
qualitatively new stage of democratic reform in Egypt.

In addition to these interpretations, it is important to note that Egyptian opposition
suffers from a lack of broad constituencies, although the party system is fundamentally
established. The ruling party NDP dominates it with its strong hold over the legislative
and the executive branches. The four major opposition parties (the liberal Wafd Party,
the Leftist National Progressive Unionist Party, the Arab Nasserist Party and the
Tomorrow Party) are weak and lack constituencies large enough to mobilize popular
support. On the other hand, moderate Islamist movements such as the Muslim
Brotherhood are well rooted in the Egyptian social and cultural society and have great
potential for forging broad alliances for political transformation. In the 1980s and
1990s, they faced State oppression and were forced out of the official political sphere.
Their preoccupation with issues such as the implementation of Islamic law and the
Islamisation of the educational system, made their general objectives doubtful and
generate negative perception of Islamists as traditionalist forces that are uninterested in
tolerating the diversity of Egyptian society. By the end of the 1990s, the failure of
Islamists to change the political reality in Egypt generated revisionist trends among the
moderate movements. The outcome was a shift in mainstream Egyptian Islamist
movements toward more pragmatism that gave priority to democratic reform as a way
to realize their political integration and as a means to challenge the authoritarian system. Democratic reform has become a central component of the Islamist agenda.

The realization of this would require a degree of openness on the part of the Egyptian government toward the integration of moderate movements in the political sphere. However, no steps have been taken in that direction; the Muslim brotherhood remains excluded from the political sphere and faces repressive measures from the government. An example of this is that the government-controlled Political Parties’ Affairs Committee blocked the Wasat Party. Despite their continued repression, moderate Islamists have upheld their strategic choice for gradual democratic reform. Moderate Islamists movements have been responding positively to the secular parties call for an engagement in reform campaigns. The Egyptian Movement for Change, Kifaya, represents this emerging secular-religious national alliance for democracy.

2. EU-Egypt Relations

After the end of the Cold War, Egypt began to pursue an active Euro-Mediterranean policy. It was based on the preoccupation with a risk of marginalization in view of Europe’s growing interest in Maghreb. Egypt’s Euro-Med policy was reflected, first in active campaigning for the establishment of a Mediterranean Forum and secondly in negotiations with the European Union that aimed at signing a Euro-Egyptian Partnership Agreement. The Mediterranean Forum was a useful means of securing Egypt’s continued involvement in Mediterranean affairs. As for the Euro-Mediterranean Partnership agreements these faced difficulties, the major obstacle being the EU’s determination to exclude the agricultural sector from the free trade area. The

\[122\] From Egypt’s point of view, the Mediterranean Forum should focus mainly on promoting areas of economic cooperation. As for the membership, it should be open to all Mediterranean countries regardless of their foreign policy orientations or political systems
Association Agreement between the EU and Egypt was signed on June 25 2001 and replaces the 1977 Co-operation Agreement. Its main goal is to establish a free trade area between the EU and Egypt by December 31 2015. At its inception, the EMP had support from major political groups in Egypt, not only pro-government political coalitions and political liberals but also from the traditional leftist groups. As for the Islamists and the Arab nationalists, they viewed it with skepticism, as it was seen as a “western” project designed to replace the pan-Islamic identity of Egypt.

Currently, Egypt and the European Union have failed to seal a "neighborhood action plan" due to continuing differences between the two sides over how the joint institutions in the Association Agreement should tackle human rights issues, and what the agreement should say with regard to nuclear weapons. The EU neighborhood action plan - which would mean freer trade and possibly more EU economic aid for Egypt - has been stalled for over two years.

Egypt’s human rights conditions have not improved and the EU continues to have concerns over Egypt's human rights record and the pace of democratization. Egypt, however, has insisted that political change must stem from Egyptian concepts, and that its government would not accept political conditions.

3. EMP's Limited Impact on Democracy and Human Rights in Egypt

Currently, the perceptions of EMP in Egypt can be explained as follows: on the one hand, key actors, government and opposition alike are preoccupied with domestic issues. The concentration is on local reform steps and benchmarks, and there is a loss of
political interest in the significance of regional and international actors\textsuperscript{123}. Also, there is a tendency to reduce the relevance of the EMP in Egypt’s path to democracy. Both the government and the opposition perceive the United States’ democracy promotion as rhetoric and its policies as more crucial when compared to Europe.

The government and the opposition’s perceptions can be described as follows: the government refuses 1) to condition economic aid to democratic political reforms, 2) to formulate binding benchmarks to measure reform steps, 3) to accept uncensored relations between the European Union and opposition parties and movements. Egypt’s opposition remains reluctant to support the conditioning of economic aid and trade relations but accepts the idea of benchmarking reforms.

Mubarak’s regime constantly invokes the risk of instability from external pressure. Democracy benchmarks put forward by Europe or the West are depicted by the government as “acts of foreign aggression against national sovereignty”. The government positions itself as “the sole rational actor amid the darkness of anti-western Islamist fanatics ready to take power through the ballot box if reform comes too quickly to Egypt’s immature society”. By pursuing these strategies, the Egyptian government hinders the ability of the EU to act autonomously to promote democracy in Egypt.

Opposition parties and movements are asking the EU to formulate binding reform benchmarks in Egyptian society. However, many among them have doubts about the EU’s commitment to promote democracy; others wonder about the “real intentions” behind the EU’s policies. Nevertheless, the opposition adopts a united stance on the

necessity for direct contacts between the EU and the different political fractions in the Egyptian scene, including moderate Islamists. However, “conditioning economic aid to democratic reform remains a clear redline for the overwhelming majority of both secular and Islamist actors”.

Amr Hamzawy explains that European bilateral and multilateral efforts to encourage Moubarak to democratize have proven to be less successful in bringing substantial reform. The Barcelona Process should move forward in the direction of engaging secular forces and moderate Islamists. Hamzawy enumerates three steps that European policy-makers should adopt: 1) Urge the government to ease its repressive measures against the opposition and grant its representatives, both secular and Islamist, access to the political sphere. Hamzawy states that by condemning individual arrests such as that of Ayman Nour in 2005, but at the same time ignoring persistent repressive features of the state apparatus does not challenge the State and does not promote Europe’s credibility among opposition actors. 2) Engage moderate Islamist movements such as the Muslim Brotherhood and the Wasat Party through regular consultations, training and awareness-building programs on human rights for their members. 3) Engage opposition political parties at the grassroots level in the less politicized fields of civic education, women’s empowerment and local capacity building by adopting low profile strategies that empower the opposition.

It is difficult for Europe to have direct contacts with movements classified as either dangerous or illegal by the Egyptian government. Hamzawy explains that European policy-makers find it problematic to collaborate on democratic reforms with representatives of opposition parties that do not share their outlook on issues as crucial as the future of Iraq and the peace process in the Middle East. The European Union
must be cautious and gradual in seeking to open up to opposition actors. Initiatives should be limited to movements and organizations that renounce violence and are willing to cooperate with the West. The European Union cannot ignore the intolerant positions of Islamist views mainly concerning gender equality, civil and political rights of non-Muslim population groups, religious freedom, and modernization of educational systems. It is only by encouraging the inclusion of Islamists in the political sphere that moderation and tolerance can be obtained within the Islamist sphere.  

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CHAPTER V
ECONOMIC INTEGRATION WITHIN THE EURO-MEDITERRANEAN PARTNERSHIP
-MOROCCO AND EGYPT’S CASES-

A. Introduction

One of the principal aims of the Barcelona Declaration was the creation of an area of shared prosperity by 2010 through the progressive establishment of free trade between the European Union and its Mediterranean partners and amongst the partners themselves. This endeavor would be accompanied by substantial EU financial support for economic transition and for helping partners to confront the social and economic challenges created by the transition. During the past ten years economic aid and loans (given by the European Investment Bank) have benefited the South Mediterranean partners’ private sector and encouraged structural reform and privatization.

The Barcelona Declaration was highly optimistic about improving trade among north and south Mediterranean countries; but after ten years, since the announcement of the Barcelona Declaration, south-south integration is lagging behind. After ten years of the Barcelona Process, the major weakness of the EMP is the lack of balance between

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126 Compared to other baskets of the Partnership, the economic basket has acquired more importance because, on the one hand, it is an area on which European Union member states find it easier to agree (unlike security, political, social and cultural issues where national foreign policy concerns tend to produce more divergence), on the other hand, there is a generalized perception in Europe that economic failure in the region has become a major European security concern because of its implications for Mediterranean security.
its participants. The existing partnership agreements were signed between the European Union and a Mediterranean partner state; these agreements are binding between the EU and each of its individual partners but not applicable to horizontal relations between Mediterranean partner countries (MPCs). Béchir Chourou explains that “this ‘hub-and-spokes’” design has been adopted largely as a result of little desire by MPCs to act jointly when dealing with the EU”. The weaknesses of this design were predictable and are becoming evident.

The EU has been calling with greater insistence for more extensive south-south cooperation and has welcomed the decision taken by Jordan, Egypt, Tunisia and Morocco to form a free trade area, the Aghadir Initiative. Integration has become an urgent necessity if MPCs wish to avoid marginalization, and to resolve the many social, economic and environmental problems that confront them, they must pool their resources and energies.

In February 1996, Morocco and the EU signed an association agreement, which calls for free trade in industrial goods to be established over a twelve year period. It presents a major development for Morocco since two thirds of its exports and half of its imports are with the EU. The previous agreements gave Morocco the privilege of duty-free access to industrial goods; the (FTA) translates into a reciprocal treatment with Morocco by abolishing its own tariffs on European industrial goods. Morocco’s interest in establishing a free trade area with the EU is motivated by two major goals: first to consolidate the on-going domestic economic reforms and secondly to secure access to

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128 Ibid.
European markets in order to take full advantage of the trade and investment opportunities from a more open economy.

The economic relations between the European Union and Egypt are not recent. Before the Barcelona Declaration and the signing of the EU - Egypt Association Agreement\textsuperscript{129}, relations between Egypt and EU were administered through the Cooperation Agreement of 1977. Its primary aim was the promotion of cooperation between Egypt and the European Union with a view to contributing to the economic and social development of Egypt, mainly in the fields of economic, technical and financial cooperation and of trade. Article 1 of the Cooperation Agreement provided for economic, technical and financial cooperation. Articles 4-7 stated that the European Community was to participate in Egypt’s efforts to develop its infrastructure, economic infrastructure and markets. It was also to contribute to the promotion of its products for exports to Europe, to facilitate the removal of non-tariff and non-quota barriers impeding access to either market. As for the Association Agreement, it had as its main aim to establish a free trade area between Egypt and the European Union over a period of twelve years, and to help increase economic growth.

This chapter presents a brief description of the economic instruments of the Euro-Mediterranean Agreements; the nature of the Euro-Mediterranean Partnership Financial Instruments (MEDA I, MEDA II); an assessment of regional economic integration among the South Mediterranean countries and the integration with the European Union; finally it concentrates on the degree of integration of the two economies, Morocco’s and Egypt’s, with the EU, and on the impact of the financial support allocated through MEDA I and MEDA II on Morocco and Egypt.

B. A Brief Description of the Economic Instruments of the Euro-Mediterranean Association Agreements

The principal objectives of the EMP are to achieve reciprocal free trade between EU and Mediterranean countries in manufactured goods, grant preferential and reciprocal access for agricultural products, establish conditions for gradual liberalization of trade in services and capital, and encourage the economic integration of Mediterranean partner countries. The Barcelona process aimed for the creation of a Euro-Mediterranean Free trade Area by 2010. The EU Commission’s Communication to the Council (October 1994) states that “Mediterranean countries insist on four fundamental aspects: the need for long transitional mechanisms and secure safeguards; the need to obtain improved access for their agricultural exports; the need for increased financial flows; the possibility to count on the Community’s help to accelerate the modernization of their social and economic systems. Each EMP agreement\(^{130}\) has five major economic elements: (1) free movement of goods; (2) rights of establishment and supply of services; (3) payments, capital, competition and other economic provisions; (4) economic, social and cultural cooperation and (5) financial cooperation.

\(^{130}\) The first EMP (Euro-Mediterranean Partnership) Agreement was negotiated with Tunisia, it was signed in July 1995 and entered into force in 1998 after ratification by all EU member states; the agreement with Morocco was signed in 1995 and entered into force in 2000. Subsequent bilateral agreements were negotiated with the Palestinian Authority (1997), Israel (2000), Algeria (2001, ratified in 2005), Egypt (June 2001, ratified in 2004), Jordan (November 1997, ratified 2002) and Lebanon (June 2002, ratified 2004). Each EMP is unlimited in duration and is to be implemented over a 12 to 15 year period. Its operation is overseen by an Association Council that meets at the Ministerial level, at least once a year and an Association Committee meeting more frequently at the level of senior officials.
1. Market Access

With respect to free movement of goods, it is stated in the Agreements that the parties aim to gradually establish a free trade area over a transitional period not exceeding twelve years from the date the Agreement enters into force. The Free Trade Areas are for non-agricultural products only. Anti-dumping safeguards remain applicable to trade flows between partners. Even though the EMP aims to gradually liberalize trade in agriculture, little has been achieved in this area - generally extending existing preferential arrangements on a limited basis through expansion of tariff quotas. The limited liberalization of agricultural trade greatly reduced the potential benefits for partner countries.

2. Establishment and Supply of Services

The right of establishment (for example, freedom to engage in FDI) is one of the objectives in the EMP; the modalities to achieve this objective are determined by the Association Council. For example, in the case of Jordan, compared to other Euro-

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131. With the exception of the Association Agreement signed between Lebanon and the European Union. The Agreement allows the free access for Lebanese agricultural products into the EU’s market, with the exception of a list of products that would be subject to a defined set of conditions, including custom duties and quotas. Lebanon was the first Mediterranean partner to succeed in replacing the product-by-product lists of agricultural commodities allowed free entry into European markets with a limited list of exceptional products that will be subject to custom duties, tariff and quotas. This success opened the door for a wide array of Lebanese agricultural products for free access into the European market.

132. If a company exports a product at a price lower than the price it normally charges on its own home market, it is said to be “dumping” the product. The WTO agreement allows governments to act against dumping where there is genuine (“material”) injury to the competing domestic industry. In order to do that the government has to be able to show that dumping is taking place, calculate the extent of dumping (how much lower the export price is compared to the exporter’s home market price), and show that the dumping is causing injury or threatening to do so. Anti-dumping action means charging extra import duty on the particular product from the particular exporting country in order to bring its price closer to the “normal value” or to remove the injury to domestic industry in the importing country”. From World Trade Organization Website: [Available Online] http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm8_e.htm Accessed on June, 2006.
Mediterranean Association Agreements, the Agreement with Jordan contains a much more detailed title on “Right of Establishment and Services”. Lode Van Den Hende\textsuperscript{133} states that despite this, this does not give Jordan a better position than “mainstream” EMAAs (Euro-Mediterranean Association Agreements) with Tunisia, Morocco, and Israel. Den Hende explains that in the case of Jordan in the area of establishment, the rights and obligations of both parties are not reciprocal. EU companies obtain a better access to the Jordanian market than Jordanian companies to the EU market. As for supply of services, there are not any specific commitments in most of the EMP agreements on liberalization of cross-border supply of services\textsuperscript{134}.

3. Competition Policy, States Aids and Procurement

The EMP calls for the adoption of the basic competition rules of the EU, in particular with respect to collusive behavior, abuse of dominant position, and competition distorting state aid. The rules are to be adopted by the Association Council within five years. Until then GATT rules with respect to countervailing of subsidies apply. Liberalization of government procurement is one of the objectives, but no binding conditions were introduced in the EMP agreements\textsuperscript{135}.


\textsuperscript{135} Ibid.
4. Regional Integration

One of the main objectives of the EMP is to promote greater integration of the Mediterranean countries. The bilateral agreements between the EU and each Mediterranean country can lead to a “hub-and-spoke” system that creates incentives for firms to locate in the hub and export to all the “spokes”. This creates incentives for Mediterranean partners to liberalize intra-regional trade flows and to adopt common rules of origin. In the second half of the 1990s, Arab League members agreed to remove all barriers to trade in goods (under the Pan Arab Free Trade Area (PAFTA) Agreement). In March 2004 the Aghadir Agreement on the creation of a free trade zone between Jordan, Egypt, Morocco and Tunisia was concluded.

5. Economic and Financial Cooperation

In each EMP Agreement, articles refer to cooperation in economic, social and cultural matters. The primary objective underlying economic cooperation is to improve competition and to assist in addressing adjustment costs. Instruments of economic cooperation under the EMP include information exchange, provision of expert services, support for joint ventures and technical assistance. The concentration is on upgrading infrastructure, and providing support for reconstructing the economy. As for the

[136] “Regional integration expands markets and promotes competition by eliminating barriers to trade among constituent countries. This contributes to more efficient allocation of resources and greater productivity among the constituent countries, as well as having a "trade creation effect" that improves the economic welfare of the members. These aspects are quite obviously positive for the economies that are integrated. With regard to countries outside the region, the creation of an expanded regional market as a whole can be expected to have a positive side effect of an "increase of trade opportunity." On the other hand, the positive trade creation effect can also in fact be overshadowed by a negative "trade diversion effect" if the elimination of barriers to trade between members of the region causes trade that had been conducted with efficient non-regional countries to be diverted to less efficient regional countries”.

financial cooperation, both grants and loans are important dimension of the EMP. Under MEDA, during 1995-1999 some €3.4 billion in grant aid was committed, of this €800 million went to Morocco, €700 million to Egypt and €500 million to Tunisia. During 2000-2006 the total allocated rose to €5.3 billion, of which 10 percent was allocated for regional projects. MEDA grants are complemented by the European Investment Bank (EIB) loans. In 2002, a facility for Euro-Mediterranean Investment and Partnership was created. As of end 2004, approximately €12 billion had been lent to Mediterranean partner country governments by the EIB\(^{137}\).

### C. Euro-Mediterranean Partnership Financial Instruments: The MEDA Programs and Structural Reforms

The European Union’s financial assistance resources were allocated to technical assistance, financial support and market restructuring, regardless of the level of governance in the Mediterranean partner countries. Structural adjustments and economic cooperation aimed at creating an environment conducive to the private sector were the main areas of interests of MEDA. Environment protection, rural development, social equilibrium, and the promotion of democracy and human rights in partner countries were also part of the MEDA primary area of intervention\(^{138}\).

Under MEDA I, the European Union envisioned encouraging a dynamic private sector, the adoption of a less restrictive legal and administrative framework, the reform

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of tax systems, and the radical restructuring of the financial and public sectors of partner countries. These measures were seen as important for a fast economic transition process.

The MEDA program was divided into two levels: 1) a regional cooperation framework for funding civil society activities. This framework prioritized projects of industrial cooperation, environmental protection, water energy, development of transport and the information society. The reform of legal and administrative bodies as a step for fostering competition was encouraged; 2) bilateral cooperation covered structural adjustment, economic cooperation, the social field and environment and rural development.\textsuperscript{139}

Under MEDA II, new regulations were adopted to simplify cooperation procedures for faster delivery of aid. Assistance disbursement replaced individual projects (financing plans, one for each country that receives bilateral aid and one for regional aid). According to the MEDA regulations, the different instruments used within MEDA II are: National and Regional Strategy Paper and National Indicative Program. The National Strategy Paper sets the strategic framework of EU’s help for 2002-2006. This document describes the objectives of cooperation of the EU, the political solutions as well as the spheres of priority of cooperation according to the partner country’s political agenda and its political and socio-economic situation. NIP presents the EU’s detailed plan of cooperation in the priority spheres.

Under MEDA II the scope of intervention also remained unchanged; but macroeconomic stabilization, industrial development and social progress was welcomed. The major change introduced in MEDA II program for 2000-2006 was its

\textsuperscript{139} In 2000, the operations carried out under bilateral cooperation accounted for 82% (EUR 719.3 million) of the amount committed for MEDA, the operations carried out under regional cooperation accounted for 16.7% (EUR 147.2 million). Ibid.
adoption of a new regulation for better and more transparent management of fund allocation and disbursement.

Under MEDA II, funding orientation and reform philosophy remained unchanged. It emphasized the importance of greater commitment by the Southern Mediterranean partner countries to reform projects that are in line with the objectives of the Association Agreements, which are primarily Washington Consensus type reforms. MEDA II programs did not aim to foster a second generation of structural reforms, to build necessary non-market based institutions or to foster good governance. Even though MEDA II states its commitment to funding programs for the enhancement of democracy and human rights under the “Promotion of Democracy and Human Rights” clause, commitments are in support of NGOs rather than fostering good governance in governmental institutions. The main obstacle is the reluctance of the partner countries to encourage institutional restructuring which would pose a threat to the regimes in power.\textsuperscript{140}

During the period 1996-2000, twenty percent of the resources were allocated for supporting structural adjustment programs in coordination with the World Bank and the IMF, thirty percent were allocated for structural reforms, twenty-nine percent went to restoring socio-economic balance and seven per cent for environmental protection. Four and a half percent was allocated for rural development. Non-market based institutional adjustments were simply excluded. The funds allocated for reforming institutions of good governance and rule of law were very limited, despite the European “support” for good governance and democratic principles.

\textsuperscript{140}Ibid.
D. A General Assessment of Regional Economic Integration among the South Mediterranean Arab Countries and with the European Union

1. Economic Integration with EU

Trade integration of the Arab partners with the EU has progressed little. After a decade of the Barcelona Process, economic growth in the South Mediterranean Arab countries remains weak, exports limited, and foreign companies are still reluctant to invest in the region. It can be noted that one of the main features of the trade policies of south Mediterranean Arab countries is that they export final products and are not well integrated into the value chain of the world economy. It is observed that the low level of competitiveness of South Mediterranean exports is one of the main reasons behind the failure of enhanced integration between the southern and northern shores of the Mediterranean. In recent years, some countries have experienced positive developments in this, including Morocco, Tunisia and Turkey. Other countries are still lagging behind, including Egypt, Syria and Libya\textsuperscript{141}. Less progress is made with respect to non-tariff barriers (NTBs). The region still has a high coverage ratio of NTBs (fifty-one percent), a result of which is that the trade policies of MENA countries as a group continue to imply a high uniform tariff equivalent to thirty-one percent. Non-tariff policies have been the focus of concern and analysis by the private sector in MENA countries and international organizations, including the EU.

Agricultural trade was deliberately limited under the EMP. The emphasis under the EMP has been on technical assistance and the attainment of EU standards, with particular stress on sanitary and phyto-sanitary quality norms and rural development. It

\textsuperscript{141} Ibid.
was only in 2004 that an agreement was reached to develop a road map to liberalize trade agriculture on a reciprocal basis.

Bernard Hoekman explains that virtually all progress on service reform in Mediterranean countries has been unilateral. MENA countries have been hesitant to commit to services policy reforms in trade agreements whether EMP or WTO. The EU has been reluctant to introduce changes in the area of “temporary movement of service suppliers”. Negotiations on service trade and investment, which were supposed to be launched three to five years after the entry into force of the respective agreements, have been slow to start.

2. Regional Economic Integration

The south Mediterranean Arab countries have been characterized by a low level of regional integration: the percentage of intra-regional trade ranged between 7% and 11% as the highest estimate\(^{142}\).

Studies have identified economic, political and institutional reasons for the low regional integration. Among the economic reasons are the high similarities in production and exports structure of Arab countries, and the common inequality between exports and imports. Moreover, the South Mediterranean countries adopt different trade policies; they are not all members of the World Trade Organization: Egypt, Turkey, Morocco, Jordan, and Tunisia have been members since 1995; Lebanon and Algeria are in observer status, Syria and Libya are still in the early stages of applying for membership. Ghoneim and Kheir-El-Din explain that the simple average applied tariff

rate in 2002 varied significantly among the nine countries; it was a single digit level in Turkey and Lebanon (7.5% and 5.4% respectively) and remained in the range of 16 - 19% in Egypt, Algeria, Jordan, Syria, and Libya, whereas, it was high in both Morocco and Tunisia, reaching 30%. Ghoneim observes that trade policy has become less restrictive: the average tariff has fallen by some 10 points since the early 1990s in the EU partner countries. Across the MENA as a whole, the average tariff is 12 percent. The decline in the external tariff reflects unilateral reforms and WTO commitments as well as EMP based and intra-Arab liberalization\(^{143}\). “It is difficult to attribute how much of this is due to the EMP, but it has played a role by generating the incentive for Most Favored Nation (MFN) reform to trade diversion\(^{144}\). As there are four South Mediterranean countries that are still not members of the WTO, this is a major drawback, as any violation by or against those countries is referred to a bilateral dispute settlement mechanism which in many cases is either inefficient or absent. There were several cases of such type of policies enacted between Egypt and Lebanon on the one hand, Egypt and Saudi Arabia on the other. Such problems are solved through political intervention.

Among the political reasons are the absence of sincere political leadership, an unwillingness to integrate, and the lack of credibility and feasibility among some Arab countries to undertake the integration process, which have created an atmosphere of


\(^{144}\) “Trade diversion effect”, is the case when the elimination of barriers to trade between members of the region causes trade that had been conducted with efficient non-regional countries to be diverted to less efficient regional countries”. Japanese Ministry of Economy, Trade and Industry, [Available Online] Accessed on 17 June, 2006.
mistrust among Arabs concerning regional trade arrangements. As for the institutional reasons, the vagueness of the rules and regulations governing trade at the borders is the main reason behind the failure of several trials of regional integration. There is in addition a deficiency in infrastructure, principally the lack of good roads for transport. The major impediments that the Arab business community faces are: the abuse of technical barriers to trade and of sanitary and phyto-sanitary measures, vague rules and regulations especially when it comes to the authentication of the origin of goods, and customs procedures.

The Pan Arab Free Trade Area Agreement (PAFTA) will remove barriers to trade in goods in 2005. There is an agreement in principle to deepen PAFTA by turning it into a customs union and to extend its coverage to intra-Arab liberalization of services. MENA countries have signed numerous bilateral agreements with each other and with neighboring countries, for example Turkey. Even tough tariffs are being removed, NTBs continue to prevail, such as red tape, standards, rules of origin. On the other hand, the 2004 Aghadir Agreement between Jordan, Egypt, Morocco and Tunisia will complement the PAFTA.

a. The Aghadir Agreement

The Aghadir Agreement represents the first stage of the Southern economic integration. It was an EU initiative aiming at boosting intra-regional trade among the four countries to enhance south-south integration. Several problems delayed the signing of the agreement, the most important of which was the reluctance of Morocco and Tunisia to adjust their rules of origin to a new system that allows them to benefit from
cumulation\textsuperscript{145}. The Agreement requires two main conditions: the establishment of free trade among the four countries and their adoption of a standard system of rules of origin. A decision was taken to adopt the Euro-Med Rules of Origin system that had already been adopted bilaterally between the EU and Egypt and the EU and Jordan.

The system of Rules of Origin adopted between Morocco, Tunisia, and the EU was different. Due to the low intra-regional trade between Morocco and Tunisia on the one hand and Egypt and Jordan on the other, the two former countries were reluctant to change their rules of origin system to allow for cumulation, since the cost of changing the rules of origin is likely to be higher than the benefits of changing the system to allow for cumulation. After a long period of negotiations and under pressure from the EU the four countries signed the Agreement in 2004.

The Aghadir members trade the least with each other. The developments concerning the trade flows are mixed. In the case of Egypt, imports from the three countries remained around 8% of total intra-regional non-oil imports, with a declining share from Tunisia and a rising one from Jordan. Jordan is more integrated than Egypt with its percentage of non-oil imports from the three countries rising from around 17% of its total non-oil intra-regional imports in 1995, to about 24% in 2003, with the bulk of imports coming from Egypt. Morocco’s percentage rose from about 18% in 1995 to 37% in 2003, with the main surge of imports coming from Tunisia and Egypt. Tunisia’s percentage declined from around 30% in 1995 to about 24% in 2003, with the major decline coming from Morocco. For imports Egypt is the least integrated, whereas it is the most integrated on the export side. Jordan is the least integrated on the export side.

In general, there seems to be a positive trend of increased trade among the Aghadir members with respect to intra-regional trade.\footnote{Samir Radwan, and Jean Louis Reiffers, “The Euro-Mediterranean Partnership, 10 years after Barcelona: Achievements and Perspectives”, in FEMISE, February, 2005.}

b. The Costs and Benefits of the Agreement

Samir Radwan, and Jean Louis Reiffers\footnote{Ibid} explain the benefits of the Agreement as follow: first, the agreement can result in stronger regional integration among the four countries due to the presence of clearer provisions compared to that of the Greater Arab Free Trade Area (GAFTA) “regarding dispute settlement and the allowance of mutual recognition agreements”; second, the agreement is undertaken among a set of relatively similar countries in terms of their export diversification and industrial base. Differences in tariff rates are not important when compared to that of the Gulf countries, which would facilitate reaching agreement in the future, especially when the four countries have undertaken major reforms and are adopting an export-oriented policy.\footnote{Ibid}

As for the costs of the agreements, Samir Radwan and Jean Louis Reiffers explain as follow: one of the main objectives of the Agreement was to accelerate the establishment of a free trade area among the four countries, whereas in reality the GAFTA was fully concluded before the entry into force of Aghadir. This is likely to minimize the positive effect of Aghadir on enhancing regional integration among the four countries. The high concentration of Morocco’s and Tunisia’s trade with the EU is not likely to be easily reoriented towards Egypt and Jordan. Moreover, the entry of the four countries in other regional trade agreements is likely to dilute the effect of Aghadir.

\footnote{Samir Radwan, and Jean Louis Reiffers, “The Euro-Mediterranean Partnership, 10 years after Barcelona: Achievements and Perspectives”, in FEMISE, February, 2005.}

\footnote{Ibid}

\footnote{Ibid}
For example, the free trade area agreed between Morocco and Jordan with the US is likely to minimize the positive effects of Aghadir in terms of enhancing trade among the four countries. It is the same with Egypt, which has signed several regional trade agreements, consequently affecting the motivation to enhance trade with the Aghadir countries. Moreover, the position of the agreement vis-à-vis GAFTA and the bilateral trade agreements between the Aghadir countries is not clear. This might generate confusion and ambiguity in trade transactions between government officials and the business community, thus impeding trade.

3. The Reasons for the Limited Economic Integration with the EU

a. The Washington Consensus Type Reforms and the Absence of Second Generation Structural Reforms

Before the Barcelona process, initiatives for economic reform and structural adjustment in the South Mediterranean countries had started in the mid 1980s and continued into the early 1990s; the reform process has been pursued with varying degrees of seriousness, and has met some degree of success. The pace of structural adjustment in the South Mediterranean has been notably slower than in other regions. As a result, most of the economies were between centrally planned and market-based economies.

The Euro-Mediterranean association agreements have failed to take into account the recent literature on market liberalization and adequate structural reforms\textsuperscript{149}. The Euro-Mediterranean association agreements provide for a gradual abolition of barriers

to the free movement of industrial and some agricultural goods, the liberalization of trade in services and the enforcement of competition laws within a transitional period extending from five to twelve years. The parties also decide to liberalize procurement contracts and abolish all kinds of restrictions on the movement of capital\textsuperscript{150}.

These provisions reflect the Washington-Consensus reform agenda, which was developed in 1989 with the specific aim of inducing economic growth in a number of countries with specific institutional characteristics. It promoted an agenda of reforms in the financial, fiscal and trade infrastructures of Latin American reforming countries. The Euro-Mediterranean Association Agreements stipulate only selective structural adjustment provisions, and do not adopt the complete Washington Consensus reform agenda, such as import liberalization, tax reforms, the opening of capital accounts, privatization and comprehensive domestic financial reforms (fiscal discipline, redirection of public expenditure, interest liberalization and competitive exchange rates).

The “Washington Consensus” which was developed by the World Bank’s former chief economist for South-East Asia John Williamson in 1989 for the restructuring of Latin American markets represented the least common denominator of neo-liberal market reforms advocated by the International Monetary Fund and the World Bank. The basic tenets of the Washington Consensus or “The First Generation of Structural Adjustment Programs” were the followings\textsuperscript{151}:

- Import liberalization
- Tax reforms


\textsuperscript{151} Ibid.
The opening of capital accounts

Privatization and comprehensive domestic financial reforms

Fiscal discipline

The redirection of public expenditure

Interest rates liberalization

Competitive exchange rates

Dismantling of trade barriers

Foreign Direct investment liberalization

Deregulation\textsuperscript{152}

Without even minimal regard to geographical specificity and regardless of whether the provisions were implemented as a package or not, the Washington Consensus had become a blueprint reform agenda primarily aimed at reforming market institutions and weakening the role of the State in the economy. “The Euro-Mediterranean Association Agreements adhered to these provisions but remained flexible on non-desirable provisions. It is observed that the agreement had a functionalist approach to regional integration, which required consensus over a minimal number of non-sensitive provisions. According to the functionalist approach to regional integration, integration should start from the sphere of low politics instead of adopting big designs. Integration presupposes that the government is prepared, when necessary, to undertake painful political measures and concessions and institutional reforms compatible with ongoing integration efforts”\textsuperscript{153}. Functionalist integration aims at

\textsuperscript{152} Ibid.

\textsuperscript{153} Ibid.
facilitating regional integration between hesitant countries through fostering economic prosperity with the lowest number of set requirements. The agreements were interested in securing provisions that contribute to the alleviation of its perceived security threats and favor its economic interests, principally the control of illegal immigration and access to Mediterranean markets. The selectivity of the structural adjustment provisions within the agreements suited the European Union’s interests and they were desirable to Southern Mediterranean partners. The vagueness of the structural adjustment provisions was a sign that the European Union had a selective approach.

It had become obvious that whenever it has been applied the “First Generation of Structural Adjustment Programs” agenda has failed in sustaining economic growth and prosperity in developing countries. In many countries market reforms succeeded in inducing short-lived rapid economic growth but fell short of laying the foundation conducive for sustainable growth. Whether in Latin America, Africa, south Asia or South-East Asia, there is no region where the World Bank or the IMF could claim to have succeeded in stimulating sustainable economic growth through adopting the neo-liberal agenda of policies. The failure of these market restructuring reforms in setting the stage for sustainable economic growth led to the adoption of a “Second Generation of Structural Adjustment Programs”.

These non-market based necessities, indispensable for the sustainability of economic growth were the followings:

- Establishing a simple and transparent regulatory system


• Upholding an independent judiciary
• Improving the quality of public expenditure
• Investment in human capital and basic infrastructure
• Realization of macroeconomic stabilization reforms\textsuperscript{156}

It has been observed that most developing countries lack the institutional framework necessary for sustaining economic growth in the event of market opening and financial liberalization, and that the idea of establishing a Euro-Mediterranean free trade area was considered as a Eurocentric solution to the problem of economic stagnation in the region.

b. The Low Level of Foreign Direct Investment (FDI) within the Euro-Mediterranean Partnership

Foreign direct investment has failed to increase and the EMP has failed to reduce the blockages to endogenous growth in Arab states\textsuperscript{157}. The European Union’s main objective was to encourage sustainable and successful economic development amongst Southern Mediterranean states in order to stop uncontrolled migration. Economic development was to be achieved by an extension of the earlier policies of bilateral economic cooperation; through these the European Union provided access to its domestic markets for goods from these countries in the hope of stimulating economic

\textsuperscript{156}Ibid.

development through export oriented growth. Exports of primary products and industrial goods were provided with unrestricted access to the European marketplace, but agricultural produce was subject to restrictions in order to protect European producers under the Common Agricultural Policy.\(^{158}\)

One of the objectives of the pre-Barcelona cooperation agreements had been to stimulate foreign investment, both in terms of official development aid and as direct private foreign investment. The EU has put the emphasis on creating a favorable investment climate in the Southern Mediterranean basin as a means of encouraging private investment from abroad.

Official development aid was administered through the MEDA program, which was directed towards easing the economic transition process inherent in the association agreements. These replaced the cooperation agreements and differed in two ways: These are, they made no provision for a change in the agricultural export regimes faced by southern countries and secondly, in addition to allowing for tariff-free access to the European market for industrial goods, they required a reciprocal treatment from southern partner-states. The aim was to stimulate export-oriented growth inside those states by tariff-free access, but this was not achieved. The only solution was to promote economic efficiency and growth through competition with European products and producers.

It had been anticipated that once the economic structures had been created, private investors would flock into the Southern Mediterranean countries to seize the new market opportunities that had been created. This would generate essential employment.

\(^{158}\)Ibid.
and absorb the excess population in the North African and Middle Eastern region. A large part of the legal reform that has taken place in the region has been dedicated to creating conditions that would promote such progress.

In reality this has not occurred. Southern Mediterranean states have received around half of the foreign investment they had expected and despite privatization plans throughout the region, the majority of such investment has been in the form of direct investment, “not in the form of equity investment” which had been expected to form an increasing proportion of private investment flows. Despite investment in the oil sectors of the oil-rich states in the region, the investment picture has not improved and such investment has not stimulated non-oil investments or economic development.

The causes of the failure to attract foreign investment are: security of contract, political stability, economic and legal environment in which investment can be made. They relate to the stability of the rate of return that an investor may anticipate. Jean Louis Reiffers and Samir Radwan explain that in the last few years, the Mediterranean partners have received on average US$8 billion of FDI and these investments concerned mainly the following sectors: energy, telecoms, GSM licensing, cement mills, and drinks. The reasons for such a low FDI level in the Mediterranean are: first, the small scale of the domestic market in the absence of real south-south regional integration; secondly during the same period Eastern Europe offered more prominent long term perspectives: the perspective of adhesion offers investors a guarantee that there will be no backtracking in the process of regulatory and institutional reforms. The third explanation is that the industries that face difficulties


160 Ibid, p 46.
have been privatized and restructured with the help of Europe, a process that did not take place in the Mediterranean Partner states. The fourth explanation is that the Eastern Europe countries moved towards a deeper integration not limited to a few tariff evolutions and are adapting their legal framework and their practices to international standards.

It is observed that the real problem is that the region offers no comparative advantage to attract investors outside the oil and gas sector. Besides issues of corruption and governance, there is an absence of physical and human infrastructure to encourage investment\textsuperscript{161}. The Southern Mediterranean countries lack the communications and telecommunications systems that private investors seek. The available rates of return and market size discourage foreign investment. EU “horizontal funding” is designed to counter this deficiency and encourage the development of infrastructure but again it is inadequate for the task. Physical and human infrastructure must be revived and reconstructed; the private sector will not fulfill the task since other areas will offer investment that is more attractive; the public sector or the EU itself could be the source of investment\textsuperscript{162}.

E. Economic Reform and Integration of Morocco within EMP

Before 1995, relations between Morocco and Europe were almost exclusively financial and economic in the form of cooperation agreements, commercial exchanges and technological assistance. The EMP has broadened these relations. During the last ten years, the EU has considered Morocco a privileged partner and offered significant

\textsuperscript{161} Ibid
\textsuperscript{162} Ibid
support for Morocco’s economic and social reform programs. The amount of aid allocated in the framework of MEDA II (2000-2006) is approximately 700 million euros; for MEDA I (1995-1999), it was 610 million euros.

The Association Agreement between EU and Morocco in February 1996 triggered a range of new initiatives and measures to help Morocco’s economic transition process, in preparation for the establishment of the EU-Mediterranean free trade area. The MEDA has played an important role in funding projects related to economic reform.

It is observed that Morocco has sufficient capacity to absorb new MEDA funds. However, one of the criticisms raised by Moroccans is that the implementation of MEDA projects has been slow, inefficient and opaque\textsuperscript{163}. At the end of 2000, only twenty-eight percent of the amount committed to Morocco during the 1995-1999 period had actually been disbursed. For MEDA II, a decision was made with the Moroccan national coordinator to focus funding on a smaller number of priority sectors in order to expedite projects and make them more coherent. Despite all the projects for economic and social development, Morocco remains crippled by a high unemployment rate that continues to be a major factor in causing people to emigrate towards Europe.

1. European Financial Assistance and Reform in Morocco within the Framework of the EMP

Among the Mediterranean partners, Morocco benefits most from Community assistance. Since 1995, €1.1 billion has been committed; Community assistance is delivered through both traditional projects and sectoral budget support. MEDA funds

have been concentrated on a limited number of priority sectors. The following table illustrates the amounts allocated by MEDA I and II for the 1995-2003 period\textsuperscript{164}.

Table 5.1. MEDA ASSISTANCE 1995-2003

<table>
<thead>
<tr>
<th></th>
<th>MEDA I</th>
<th>MEDA II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments $€$ million</td>
<td>30</td>
<td>-</td>
</tr>
</tbody>
</table>

For the period 1996-1998, the National Indicative Program (NIP) had as its main priority the economic transition of the Moroccan economy towards a more efficient and open economy. Approximately 30 projects amounting to 630 M € were allocated to three domains: economic reforms (19%), economic transition (29%), and enforcement of socio-economic equilibrium (52%).

The National Indicative Program 2002-2004 amounts to €426 million. The National financing plan for 2004 includes public administration reform (€79 million). Of the €70 million, €42 million were allocated to development of the northern provinces with the construction of the “Rocade Méditérranénne” link road; €7 million for waste disposal for Moroccan towns; €4.79 million for ONEP IV environmental protection; €9 million for pollution clean up at the Mohammedia power station. During 2000, five projects have been put in place: adjustment of the financial sector (€52 million), adjustment of the health sector (€50 million), modernization of the judiciary (€27.7 million), the development of the Khenifra (€9 million).

Morocco benefits from EU aid programs for structural adjustment facilities (SAF); €917 million has been committed to Morocco, of which €342 million has been devoted to SAF operations, which have as target reforms in the financial sector, the health insurance system, water management and the transport sector.

2. The Moroccan Government’s Economic Challenges and Objectives

After ten years of the Barcelona Process, Morocco’s economic difficulties are more serious than they were in the early 1990s. Morocco has pressed the EU to deploy the instruments of the EMP more effectively to help Morocco create more jobs and stimulate economic growth. According to some studies, Morocco must reach an economic growth rate of 6 to 7 per cent in order to assure equilibrium between the democratic growth and the need for new jobs. Domestic measures are not sufficient; there is a need for foreign direct investment (FDI). The EMP has failed to encourage investment flows across the Mediterranean. In fact, FDI in Morocco decreased sharply from 2.9 billion US dollars in 2001 to 533 million in 2002. Developed countries were the largest source of FDI inflows to Morocco, representing approximately 85 per cent of the total. The tertiary sector made up 73 per cent of the total FDI inflows to Morocco, while the secondary sector accounted for 20 per cent. The EMP has given little incentive for investments and has done little to stimulate the deepening of commercial links between Morocco and other Arab states. EU countries are Morocco’s main suppliers, clients and investors. The following tables can illustrate the interdependence between Morocco and the EU.
Morocco is the fourth largest country in the region, it has a small but open economy, its degree of openness is close to 70% of GDP\textsuperscript{165}. Morocco has recently experienced an improvement in its average GDP growth to some 5.5% (from 3.2% in 2002). Morocco’s economy is highly dependent on agriculture, which accounts for roughly 14% of GDP but involves more than 50% of the labor force. This dependency on agriculture and erratic meteorological conditions has led to a high instability in the growth rate (the slow growth rate in the 1990’s translated into a stagnant per capita income level of €3.690 (PPP) in 2002). The economy was unable to face the pressure of

an increasing labor force; unemployment levels remain high (over 20% in urban areas). Since 2001, the growth rate has improved, rising to 5.5% in 2003. This improvement reflected the 20.6% increase in agricultural output.

Morocco’s commercial balance is deficient; exports represent 70%, imports 30%. The exports have been limited to the following sectors: textile 33%, food and tobacco 20%, phosphates 20%. As for the imports, it is limited to the following sectors: mechanical products and equipment (26%), energy (13%), food and tobacco (11%).

Progress has been made in the structural reform sphere, especially in the efforts of privatization, in governance and judicial reform. However, the main challenge for Morocco remains economic growth. In fact, the principle four challenges that the Moroccan government faces is the reduction of poverty, the amelioration of the access of the poor to social services, the increase in the efficiency of the public sector, and reduction of the risks of drought in the country. The only solution was to ensure increased economic growth. During the past decade, Morocco has only modestly ensured economic growth, 2.36% for the period of 1990-2000. According to the National Indicative Program 2005-2006, the Moroccan government set a three level plan. First, the national development plan for 2000-2004, which was approved by Parliament and promulgated in September 2000. It aims to ensure an integrated development strategy and has four components: regional development and integration; introduce young people to the job market; involve women in the development of Morocco; and fight poverty and exclusion. Second, enforce the relations with the European Union, which is primordial to break the sequence of “unemployment/poverty/

\[\text{\textsuperscript{166} Ibid.}\]

The Moroccan government’s objectives are: first, promote economic growth and jobs by modernizing the national economy and promoting of investments (private and public); secondly, diversify the sources of economic growth: due to the drought, the national economy has been weakened, and one of the principal objectives of the Moroccan government is to ensure the development of new sectors. On an institutional level, the government’s priority is to ensure administrative reform. One of the main aims is to re-center the role of the State and reduce public expenditures. Morocco is still lagging behind in the modernization and reform of the public enterprises, especially the financial management of the public enterprises and the development of grants in the public transportation domain (airports, ports, and railroads).

On a regional development and integration level, rural development and a reduction in regional disparities is the main target of the Moroccan government. Agriculture plays an important role in the economy, as does employment, territorial management and the environment. The Moroccan government’s intention is to deepen its association with the European Union in order to modernize its economy and its institutions. The Association Agreement with the EU is a major priority in the Moroccan government’s political economy. Regional integration constitutes an important element in the National Development Plan, mainly to reduce the risks of exchange and investment diversion.
3. Economic Integration of Morocco with the EU

Morocco’s leading commercial partner is the European Union. Morocco has been working towards integrating its economy with that of the EU. After the entry into force of the Association Agreement on March 1, 2000, Morocco declared its willingness to go beyond the free trade area provided for by the Agreement and aimed for a customs union with the EU.

In 2000, 66% of Morocco’s exports and 60% of its imports are with the European Union. The EU’s exports to Morocco are mainly mechanical equipments and products, textile and clothing (21%), transport products (9%), chemical products (8%), agriculture (10%). The EU’s imports of Moroccan products are mainly textile and clothing (41%), agricultural products (20%), mechanical products (10%). As for services, the export of EU services to Morocco represent only 1% of the total exports of the EU; the importation of services from Morocco amount to 0.6%, they consist mainly of transport (28%), tourism (53%), and communications (19%).

As for capital flows, FDI in Morocco decreased sharply from 2.9 billion US dollars in 2001 to 533 million in 2002. Developed countries were the largest source of FDI inflows to Morocco, representing approximately 85 per cent of the total. The tertiary sector made up 73 per cent, while the secondary sector accounted for 20 per cent. The EMP has given little incentive for investments and has done little to stimulate the deepening of commercial links between Morocco and the other Arab states. EU countries are Morocco’s main suppliers, clients and investors.

The following table illustrates the distribution of FDI by country in 2002:168:

---

Table 5.4. FDI by Country in Morocco (in %)

<table>
<thead>
<tr>
<th>Country</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>41.2</td>
</tr>
<tr>
<td>Germany</td>
<td>8.7</td>
</tr>
<tr>
<td>Spain</td>
<td>6.8</td>
</tr>
<tr>
<td>United States</td>
<td>6.0</td>
</tr>
<tr>
<td>Belgium</td>
<td>5.6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>5.4</td>
</tr>
<tr>
<td>Kuwait</td>
<td>4.3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4.2</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>3.0</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>1.7</td>
</tr>
<tr>
<td>Italy</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Compared to regional integration, Moroccan trade with the South Mediterranean countries is limited. However, a number of key achievements have been realized. On February 25 2004, Morocco signed a free trade agreement with Jordan, Tunisia and Egypt. The Aghadir agreement commits the parties to substantially removing all tariffs on trade between them, and to intensifying economic cooperation, notably in the field of harmonizing their legislation with regard to standards and customs procedures. Morocco is the first South Mediterranean country to have adopted the new Pan Euro-Mediterranean system of cumulation of origin, in December 2005. When applied, the system will generate new opportunities for economic operators to intensify the flow of trade in certain goods and to benefit from further regional integration.

E. Economic Reform and Integration of Egypt within EMP

Negotiations for an EU-Egypt Association Agreement began in 1994 but were only concluded in June 1999 and the adoption of the text by the two parties was delayed until February 2001. These delays questioned the extent of Egypt’s commitment to the Barcelona Process. Nevertheless, the formal signing of the Agreement was warmly
welcomed. Egypt represents a lower-middle income country, the poor and the ultra poor represented 23% and 7% of the population respectively in 1995. Recently, up to 60% of the population was poor. Unemployment varies from 7.4% (official) to 17% (unofficial).

Successive Egyptian governments have stressed the importance of promoting export led growth. Between the mid 1980s and the mid 1990s Egypt undertook a series of trade reforms to reduce tariff and non-tariff barriers and to enhance the transparency of the trade regime. Although import tariff peaks and dispersion were reduced and non-tariff barriers and direct export taxes were eliminated, Egypt’s trade system remains significantly more restrictive than those of the other emerging markets. Customs procedures are weighty and the import of intermediate goods is still discouraged.

The share of Egypt’s merchandise exports in the EU market fell from 1% in 1985 to 0.5% in 1995. Egypt’s main exports to the EU are oil (40%), textiles (19%), and agricultural products (9%). Its major imports from the EU are transport equipment and machinery (40%), chemicals (13%) and food and agricultural products (11%).

One of Egypt’s internal problems is unemployment. Only a GDP growth of around 7% can increase both employment and average incomes but the immediate prospect of achieving such growth rates are not good, although the present government has taken important steps to promote export led growth and to reduce the current account deficit. Domestic and foreign investments are not sufficient to finance private productive sector growth. Egypt expects more from the Barcelona Process\textsuperscript{169}.

1. European Financial Assistance and Reform in Morocco within the Framework of the EMP

Between 1977 and 1996, cooperation with Egypt was governed by a series of four bilateral protocols based on the 1977 EEC-Egypt Cooperation Agreement. After Barcelona, commitments were funded from MEDA budget which supported Egypt’s Economic transition; it mainly concentrated on the industrial modernization (€250 million), and is designed to help the private sector compete on the domestic and international markets, ensure private sector growth, assist business associations and clusters. Moreover, EU support to social development in Egypt focuses directly on support to basic education, basic health, and poverty alleviation.

2. Economic integration of Egypt with the EU

The EU is Egypt’s biggest trading partner, currently accounting for 42% of Egyptian exports and 37% of imports, with the balance of trade still in the EU’s favor. Trade between the EU and Egypt has risen by more than 5% in the last five years to reach record levels of €11.5 billion in 2004 and €13.3 billion in 2005 since the entry into force of the Association Agreement. Egypt’s main exports to the EU in 2004 were energy (39%), textiles and clothing (15%), agricultural products (9%), and chemicals (5%). Major imports from the EU were power generating machinery (21%), chemicals (16%), transport equipment (16%), and food and agricultural products (10%)\textsuperscript{170}.

Trade relations with the EU are good although there are a number of trade irritants, particularly in the phyto-sanitary field. Egyptian potato exports are a case in point, although increasing quantities have entered the EU market over recent years.

thanks to a trade-friendly import mechanism. Difficulties still exist due to an overregulated trade regime and a weighty customs administration, although some recent reforms in this area have helped improve trade flows\textsuperscript{171}.

It is observed that regional trade between Egypt and other south Mediterranean countries is low, around 6\% of Egypt’s total imports in 2003. In relative terms, the level of imports from the South Mediterranean has increased; it doubled its percentage of total imports between 1995 and 2003. The most important partners have been Algeria and Turkey. South Mediterranean countries have demonstrated low intra-regional trade. Syria was the most integrated country among the nine South Mediterranean countries with its level of imports reaching 11\% (including oil) and 10 \% (excluding oil). The least integrated countries relative to their total imports are Morocco, Tunisia, and Turkey. All South Mediterranean countries have experienced increased imports from the other eight countries; with the highest increase observed in the case of Turkey and Egypt. Oil plays an important role; it represents more than two thirds of total imports from the countries of the region in the case of Turkey and Lebanon, whereas it does not play any role in intra-regional imports of the South Mediterranean countries. Total intra-regional imports, including oil, increased from 0.42 \% of total imports of the South Mediterranean countries in 1995 to 0.75 \% in 2003\textsuperscript{172}.

Table 1 demonstrates the level of Egyptian imports from each of the South Mediterranean countries and Table 2 demonstrates the Egyptian exports to the other 8 South Mediterranean countries in 1995 and 2003.

\begin{table}
\caption{Egyptian imports from each of the South Mediterranean countries in 1995 and 2003.}
\label{tab:imports}
\begin{tabular}{|c|c|c|}
\hline
Country & 1995 & 2003 \\
\hline
Algeria & & \\
\hline
Turkey & & \\
\hline
Syria & & \\
\hline
Morocco & & \\
\hline
Tunisia & & \\
\hline
Libya & & \\
\hline
Jordan & & \\
\hline
Israel & & \\
\hline
\end{tabular}
\end{table}

\begin{table}
\caption{Egyptian exports to the other South Mediterranean countries in 1995 and 2003.}
\label{tab:exports}
\begin{tabular}{|c|c|c|}
\hline
Country & 1995 & 2003 \\
\hline
Algeria & & \\
\hline
Turkey & & \\
\hline
Syria & & \\
\hline
Morocco & & \\
\hline
Tunisia & & \\
\hline
Libya & & \\
\hline
Jordan & & \\
\hline
Israel & & \\
\hline
\end{tabular}
\end{table}

\textsuperscript{171}Ibid.

\textsuperscript{172}Hanaa Kheir-El-Din and Ahmed F. Ghoneim, “10 Years After Barcelona Declaration: Impact on Regional Integration among South Mediterranean Countries and with the European Union Egypt” paper presented at a conference organized on the occasion of 10th anniversary of the Barcelona Process in Beirut, November 2005.
5.5 Level of Egyptian imports from South Mediterranean countries

<table>
<thead>
<tr>
<th>Importing Country: Egypt</th>
<th>Total Imports (in thousand U.S.$)</th>
<th>Total Non-oil Imports (in thousand U.S.$)</th>
<th>% from Total imports from selected countries</th>
<th>% from Total non-oil imports from selected countries</th>
<th>% from Total imports from the World</th>
<th>% from Total non-oil imports from the World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>7,081.73</td>
<td>312,612.95</td>
<td>7,081.73</td>
<td>312,612.95</td>
<td>2.03%</td>
<td>46.05%</td>
</tr>
<tr>
<td>Jordan</td>
<td>10,239.16</td>
<td>30,283.29</td>
<td>10,239.16</td>
<td>30,283.29</td>
<td>2.93%</td>
<td>4.46%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>24,724.28</td>
<td>30,069.06</td>
<td>23,699.80</td>
<td>30,069.06</td>
<td>7.07%</td>
<td>4.43%</td>
</tr>
<tr>
<td>Libya</td>
<td>96,596.83</td>
<td>40,553.75</td>
<td>97,059.58</td>
<td>40,553.75</td>
<td>28.49%</td>
<td>5.97%</td>
</tr>
<tr>
<td>Morocco</td>
<td>4,165.23</td>
<td>9,441.75</td>
<td>4,165.23</td>
<td>9,441.75</td>
<td>1.19%</td>
<td>1.39%</td>
</tr>
<tr>
<td>Syria</td>
<td>11,787.27</td>
<td>75,064.93</td>
<td>11,787.27</td>
<td>75,064.93</td>
<td>3.37%</td>
<td>11.06%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>12,382.65</td>
<td>9,822.84</td>
<td>12,382.65</td>
<td>9,822.84</td>
<td>3.54%</td>
<td>1.45%</td>
</tr>
<tr>
<td>Turkey</td>
<td>179,818.09</td>
<td>170,954.50</td>
<td>179,483.09</td>
<td>170,910.10</td>
<td>51.38%</td>
<td>25.18%</td>
</tr>
<tr>
<td>Total</td>
<td>349,595.24</td>
<td>678,823.07</td>
<td>345,857.51</td>
<td>678,778.67</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Source: Authors’ Calculations based on World Integrated Trade Solution (WITS) Database (2004).

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5.6. Level of Egyptian exports from South Mediterranean

<table>
<thead>
<tr>
<th>Exporting Country: Egypt</th>
<th>Total Exports</th>
<th>Total Non-oil Exports</th>
<th>% from Total exports to selected countries</th>
<th>% from Total non-oil exports to selected countries</th>
<th>% from Total exports to the World</th>
<th>% from Total non-oil exports to the World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>56,818.05</td>
<td>136,727.21</td>
<td>56,699.10</td>
<td>136,204.50</td>
<td>13.34%</td>
<td>15.35%</td>
</tr>
<tr>
<td>Jordan</td>
<td>46,247.38</td>
<td>117,890.34</td>
<td>46,247.38</td>
<td>112,837.59</td>
<td>10.49%</td>
<td>13.23%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>57,656.66</td>
<td>174,424.75</td>
<td>57,653.64</td>
<td>154,650.62</td>
<td>13.08%</td>
<td>19.56%</td>
</tr>
<tr>
<td>Libya</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Morocco</td>
<td>37,249.00</td>
<td>123,593.05</td>
<td>20,847.80</td>
<td>76,556.22</td>
<td>8.45%</td>
<td>13.87%</td>
</tr>
<tr>
<td>Syria</td>
<td>N/A</td>
<td>100,114.04</td>
<td>N/A</td>
<td>99,708.64</td>
<td>N/A</td>
<td>11.24%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>30,187.77</td>
<td>48,785.97</td>
<td>30,187.77</td>
<td>48,660.58</td>
<td>6.85%</td>
<td>5.48%</td>
</tr>
<tr>
<td>Turkey</td>
<td>210,648.12</td>
<td>189,366.09</td>
<td>85,523.06</td>
<td>137,210.59</td>
<td>47.79%</td>
<td>21.26%</td>
</tr>
<tr>
<td>Total</td>
<td>440,806.96</td>
<td>896,923.34</td>
<td>299,168.76</td>
<td>766,030.74</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations based on the World Integrated Trade Solution (WITS) Database (2004).

Exports are more important than imports: Egypt exports more than double the percentage it imports from South Mediterranean countries. The most integrated two countries in terms of exports are Lebanon and Syria, with percentages around 26% and 36% of total non-oil exports. Ghoneim explains that the least integrated countries remain Morocco, Tunisia, and Turkey with modest percentages of intra-regional exports not exceeding 5%. In general, the level of intra-regional exports and imports is moderate although exports show a higher degree of integration for Egypt as well as for other countries such as Syria, Lebanon and Jordan.

Among the Aghadir countries (Morocco, Tunisia, Jordan and Egypt), a low intra-regional trade is observed. The three countries absorbed around 4.5% of Egyptian exports in 1995, which increased slightly to 6% in 2003. The level of imports from Aghadir countries to Egypt did not reach 1% of its total imports. Egypt has recorded a “chronic” trade surplus with Aghadir countries. Oil represents a major component in Egyptian exports to Aghadir countries; it represented around 20% of total Egyptian exports to these countries in 1994 and increased slightly in 2003.

Ghoneim explains that, in general, the impact of the association agreements on the South Mediterranean countries was very modest, mainly due to the free access that south Mediterranean countries already enjoyed for most of their industrial exports to the EU. Also that there is no expected improvement in market access and especially that the association agreements are shallow, and that there is only a modest increase in trade between the EU and the three South Mediterranean countries affected by the agreements. The percentage of exports and imports to and from the EU remained stable with a minimum of variations.
The Egypt-EU Partnership Agreement entered into force only in 2004 and it is too early to present an assessment of the impact of such an agreement on Egyptian trade relations with the EU. Based on the experience of Tunisia and Morocco and the fact that Egypt has already had free access for its industrial products since 1977, Ghoneim states that it is not possible to expect enhanced market access for the Egyptian exports to the European market. Based on Tunisia’s experience (free trade access to the EU for its industrial products has been assured since 1977), the increase in its exports percentage of GDP may not be attributed to better market access offered by the Association Agreement. The Agreement dismantled tariffs on the Tunisian side rather than on the European side. Nevertheless, it is not possible in the two cases, Morocco and Egypt, to make an analysis of trade flows and assess the impact of the Association Agreement.
CHAPTER VI
CONCLUSION

The Euro-Mediterranean Policy is a soft security tool aimed at tackling security issues in the Mediterranean; Europe’s interests in the Southern Mediterranean have always been about security interests, the Middle East and Maghreb were considered regions posing serious security threats to Europe. At the early stage, the Community’s policy towards the region resembled a patchwork rather than a coherent network; it is in 1970s that the Community adopted a strategy for the entire Mediterranean region with the adoption of the Global Mediterranean Policy (GMP). The history of the Mediterranean policy shows the centrality of trade in the development of Euro-Mediterranean relations; the foundation of the policy was the management of trade relations with Mediterranean third countries and the preservation of import/export patterns inherited from the colonial period. The association and cooperation agreements tended to sustain the north-south character of the relationship and the economic status quo left by colonialism. The Renovated Mediterranean Policy and later the EMP failed to address the deep-seated asymmetry in trade relations, the debt crisis and the risks of political and social instability posed by poverty, high unemployment and poor economic performance. The European Union remained protectionist on the issues that really mattered to the Mediterranean partner countries; the real beneficiaries of regional trade liberalization were European businesses.

Democracy and human rights promotion in Morocco and Egypt is founded on different security interests in the Mediterranean, which can be categorized in soft and hard security interests. Soft security interests such as controlling of illegal immigration
flows, maintaining a secure oil route from the Gulf and a natural gas route from North Africa into the Continent, regime destabilization, socio-economic crises, and Islamic fundamentalism. Hard Security interests such as Israeli-Arab conflict, terrorism, threat of regional war, threat of nuclear proliferation, proliferation of weapons of mass destruction.

The European Mediterranean Partnership had different impact on Morocco’s and Egypt’s democracy and human rights promotion. In the case of Morocco, the presence of a political will as well as the historical colonial relations had a major impact. In the case of Egypt, the hesitancies and suspicions of the State towards the objectives of the EMP has made EMP’s impact less relevant. The presence of a “declared will” and the convergence of political agendas are factors that can trigger substantial political reform; democratic reform and the positive conditionality can be successful only within a “shared process of reform”. On the other hand, the European Union has not imposed democracy related “negative” conditionality on EMP partner states; trade and aid were not withdrawn in response to authoritarian practices of the Southern partners. European Union’s main interest was stabilization; the European Union has promoted democratization process to a limited degree in order to prevent instability and the coming to power of anti-western Islamist parties in the Mediterranean Partner Countries; moderate Islamic groups have to be integrated into the overall democratic political reform process.

As for the economic integration, the thesis’ main argument is that the absence of foreign direct investment (FDI), absence of second generation of structural reforms, the exclusion of agricultural products and services hinder sustainable economic growth and consequently the integration with EU. The Euro-Mediterranean Association Agreements
adhered to the Washington Consensus type reforms (or “The first Generation of Structural Adjustment Programs”\textsuperscript{175}) and failed to take into account the adequate structural reforms. The Euro-Mediterranean Agreements stipulate only selective structural adjustments and do not adopt the complete Washington Consensus reform agenda such as import liberalization, tax reforms, the opening of capital accounts, privatization and comprehensive domestic financial reforms. They remained flexible on non-desirable provisions; the agreements had a functionalist approach to regional integration, which required consensus over a minimal number of non-sensitive provisions\textsuperscript{176}. Functionalist integration aims at facilitating regional integration between hesitant countries through fostering economic prosperity with the lowest number of set requirements\textsuperscript{177}. The agreements were interested in securing provisions that contribute to the alleviation of its perceived security threats and favor its economic interests, principally the control of illegal immigration and access to Mediterranean markets. The selectivity of the structural adjustment provisions within the agreements suited the European Union’s interests and they were desirable to Southern Mediterranean partners. The vagueness of the structural adjustment provisions was a sign that the European Union had a selective approach. Nevertheless, it is important to note that the Euro-Mediterranean Association Agreements do not completely ignore non-market based institutions; they do not present an agenda of reform and leave the initiative on the

\textsuperscript{175}The first generation of Structural Adjustment Programs are import liberalization, tax reforms, the opening of capital accounts, privatization and comprehensive domestic financial reforms, fiscal discipline, the redirection of public expenditure, interest rates liberalization, competitive exchange rates, dismantling of trade barriers, foreign direct investment liberalization.

\textsuperscript{176}According to the functionalist approach to regional integration, integration should start from the sphere of low politics instead of adopting big designs. Integration presupposes that the government is prepared, when necessary, to undertake painful political measures and concessions and institutional reforms compatible with ongoing integration efforts

\textsuperscript{177}Alejandro Lorca and Gonzalo Escribano, “The Euro-Mediterranean Free Trade Area: From Competition to Integration”, 5.
partner country. Sustainable economic development and growth is much dependent of political, judiciary, administrative and fiscal institutions. Economic growth is the result of efforts to create an environment for investors through the creation of stable political systems, stable financial conditions and efficient public sectors. The hope that the Euro-Mediterranean Association agreements will lead to economic prosperity and growth has not realized.

Today, Morocco and Egypt are partners with EU in the ENP introduced in 2004, which envisages that previously negotiated bilateral free trade agreements will continue to be implemented and that efforts will be made to expand them. The implication is that Morocco and Egypt must determine whether they want to pursue such integration. This requires a clear understanding of national development priorities, the preconditions for integration into a specific EU area to support economic development and the appropriate policy of reforms.

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