Euro-Mediterranean Economic Integration

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The Euro-Mediterranean integration project, launched in Barcelona, was implemented first through the Neighbourhood Policy and then through the Union for the Mediterranean. However, what results has it yielded since 1995? What should its aspirations be with regard to integration over the next few years? Is there or will there ever be a genuine Euro-Mediterranean region?

There is an upside and a downside to writing an article about Euro-Mediterranean integration policy. The upside is being able to speak one's mind, to express one's personal points of view after years of working on the region. The downside is that one must choose one's words very carefully. Many highly qualified experts know and write about the Mediterranean, and this author is but a humble observer from the distant, albeit at times illuminating, vantage point of the EU-27 in Brussels.

One good way to start is by asking questions. The first question that comes to my mind when thinking about Euro-Mediterranean integration is: why was the Barcelona Process launched? Why was the Barcelona Declaration the collective response to certain regional challenges in 1995, and why is one of its main goals the creation of a free trade area? A second timely question is: where does the free trade and integration project initiated with the 1995 Barcelona Declaration stand today? Has it, as was argued at the time, served to open up and modernise the southern Mediterranean economies? Finally, another series of questions requiring riskier answers includes: how has the project changed with the advent of the Neighbourhood Policy, what has the Union for the Mediterranean done for regional integration, where is the project headed, and what is or should be its final goal?

This article will try to answer these questions, but the reader will no doubt understand that the answers may not always be clear and will even, at times, give rise to new questions in need of response. This is what makes international politics so interesting: although sometimes the questions seem obvious, the answers unfold over the course of years and are subject to unpredictable variables. For example, in 1995, the Euro-Mediterranean project was based on a concept known as "open regionalism": no one anticipated the extent to which the process of globalisation, such a hot topic today, would transform the world or the prominent role that Asian economies, the rise of the Internet or the financial economy would play in the process.

Why Was the Barcelona Process Launched and Why Was a Free Trade Area One of its Main Objectives?

From the start, the 1995 project, the essence of the Barcelona Process, was closely linked to the European policy with the clearest exterior dimension: trade policy. This is not to say that the Barcelona Process is or was solely a trade liberalisation project. Far from it. However, the general impression in 1995 was that free trade agreements were the next big thing, the next step forward in the EU's relations with Mediterranean countries. Traditionally, each time the EU sought to strengthen its relations with its foreign partners, its politicians turned to the toolbox made available under current treaties. Among the possible tools, the most obvious and useful, the one most able to have a decisive impact and influence on its relations with its partners, was the common trade policy. In keeping with the old saying that if all you have is a

hammer, then all your problems are nails, each time the European Union attempted to reinforce its relations with third countries, the problem to solve was one of economic opening and the tool to solve it was a free trade agreement.

Barcelona 1995 was no exception. Most crucially, the Barcelona Process arose in response to a twofold, primarily political challenge: to provide a regional horizon for the peace prospects opened up by the Oslo Process, and to convey the message that the fall of the Berlin Wall and European reunification would not mean the marginalisation of the EU's southern partners. However, despite the essentially political nature of this dual challenge, the Union opted for a fundamentally economic response: more cooperation and, above all, more trade through a relationship based on reciprocal free trade agreements included in the Association Agreements. The response was economic because the EU's tools, in the sphere of foreign policy, were mainly economic. It is as if echoes of the Schuman Declaration of 9 May 1950 could still be heard each time the Union undertook the task of proposing an international policy: the first thing to do was to create *de facto* solidarity between countries, companies and economic agents. Politicians might be the architects, but regional integration processes would have to be built from the ground up, beginning with the foundation of economic relations. Only that way, or, at least, only from that point on, would it be possible to support the Middle East peace process and reassure the EU's southern partners that European enlargement would not adversely affect them.

The tool of free trade (Association Agreements and free trade agreements with each country) and the regional dimension (creation of a Euro-Mediterranean Free Trade Area) rested on a gradualist conception of political transformation. It was hoped that modernisation and economic opening would bring social and political changes, that economic progress would give rise to a larger middle class that would play a more prominent role in the political transitions of the southern Mediterranean countries. This was one of the working hypotheses of the Barcelona Process.

Where Does the Euro-Mediterranean Integration Process Stand Today?

I believe it can safely be said that the trade integration process launched in 1995 is right where it ought to be. All the southern countries have negotiated free trade agreements with the EU, and all the agreements are in force except for one, Syria's, which is ready to be ratified and implemented. The dismantling of tariffs with those countries with which agreements have come into force continues at the projected and agreed pace. This dismantling has already been completed with Tunisia, Morocco and Israel. Free trade is thus total or almost total with regard to industrial goods with these countries and will be total with all other products by the end of the transition periods. Almost 80% of Tunisian exports and 73% of Moroccan ones go to the EU. The EU is the largest trade partner, the largest investor and the largest source of tourism for the southern Mediterranean region.

However, in order to roll, a wheel needs both spokes and a rim. Most of the spokes around the European axis are already in place; all that remains is to complete the rim, that is, the free trade agreements between the southern countries themselves, the so-called South-South dimension of the free trade area. To date, only four countries have concluded such agreements amongst themselves: Morocco, Tunisia, Egypt and Jordan, within the framework of the Agadir Agreement. Turkey has also signed agreements with certain Mediterranean countries.

For the free trade area to be complete, agreements must be signed between all southern countries. Only then can it be claimed that the EU and its partners have successfully brought off the most ambitious North-South trade integration project ever. This has been Europe's great contribution to economic development since 1957: to reach out and gradually to expand – not only through its successive enlargements – in order to export prosperity and stability to its immediate geographic surroundings.

Notwithstanding the above, economic integration has another objective, too, namely, the deepening of the free trade agreements. Today these agreements are limited to industrial goods and only partially cover agricultural and processed goods. The goal, set forth in the Association Agreements and reaffirmed by the Neighbourhood Policy, is to conclude more ambitious agreements in order to cover a large swathe of agricultural products and, above all, to tackle the liberalisation of trade in services.

In short, today the economic integration project hinges on expanding free trade to the South-South dimension and the agricultural and service sectors.

Have the Association Agreements Served to Open and Modernise Southern Mediterranean Economies?

Absolutely. I believe there is a consensus on this. The Barcelona Process and the free trade agreements are the framework for the EU's political relations, economic relations and permanent cooperation with its partners. They give confidence to economic agents and make these countries' economic policies more predictable, more open and more market-oriented. No one disputes that the agreements have, on the whole, been successful, although not all of them have been fully implemented or had time to yield fruit. Some countries have doubts, which they have expressed. Others expected more from the agreements. However, as the Euro-Mediterranean Forum of Economics Institutes (FEMISE) wrote in its 2009 report, the free trade agreements and the work begun under the Neighbourhood Policy have led to a perceptible improvement in systems of economic *governance* and the quality of regulations, as well as a decrease in corruption and greater compliance with the law. Together, this enhances both the images and business climates of most of the countries in the region.
The Process's effects have been undeniably positive: economic opening, stabilisation of the macroeconomic framework and improvement of the regulatory framework. In short, there has been regulatory convergence with Europe, a prerequisite, although obviously not enough in and of itself, for true convergence.

What Have the Neighbourhood Policy and Union for the Mediterranean Contributed?

One could argue that, whilst the Neighbourhood Policy is a bilateral policy of convergence with the EU, the Union for the Mediterranean is a regional cooperation and integration policy. In other words, whereas the former works bilaterally with Mediterranean Partner Countries on specific short- and medium-term goals intended to bring their policies and regulations into line with Europe's, the latter strives to serve as a framework for regional cooperation in the form of projects intended to enhance integration. It seeks physical integration through interconnected infrastructure and political cooperation through the creation of common institutions: summits every two years, a shared co-presidency and a joint secretariat.

Compared to the Barcelona Process, which was based on the logic of international cooperation and trade liberalisation, the Neighbourhood Policy offers enlargement as a means to support reform beyond the measures taken at the borders of the different economic systems (customs and tariffs) and to accompany and incentivise in-depth changes. For its part, the Union for the Mediterranean aims to go beyond the Barcelona Process by proposing greater co-responsibility for the direction of the process and establishing, for the *Partnership* as a whole, a common institution, namely, the joint secretariat, with equal participation.
The Neighbourhood Policy aims to advance farther with the most committed countries, that is, with those that are willing to align themselves more closely with Europe, including in terms of democracy and human rights. In contrast, the Union for the Mediterranean is an inclusive multilateral framework that takes into account the persistence of conflicts between different partners, as well as the varying levels of commitment by different partners to converging with the EU; nevertheless, all partners understand that the Mediterranean can no longer, and should no longer, be a boundary. That is, it should neither be an economic boundary (the 1:14 ratio between certain countries on either side of the Mediterranean is not geopolitically sustainable) nor a political one (representativeness and democracy have, historically, been quite useful tools in conflict resolution and the construction of regional integration initiatives).

What Does the Future Hold? Where is the Euro-Mediterranean Integration Project Headed?

The future of Euro-Mediterranean cooperation may depend on three main factors, that is, three dynamics in three different fields of action: the evolution of the EU; the evolution of international relations among the southern countries and, in particular, the evolution of the conflicts between some of them; and, finally, the internal evolution of the southern countries themselves, what might be called, in Fernand Braudel's words, the way in which they will tackle their multiple social, demographic, economic and political transitions, transitions that Europe made over the course of more than 200 years and that the Southern Mediterranean must make in just a few generations.
First, it seems clear that Euro-Mediterranean construction will largely depend on European construc-

tion. The EU's leadership on regional integration issues is undisputed and indisputable. Without a strong EU, able to promote North-South and South-South integration and with the necessary political will and means to do so, Euro-Mediterranean integration will be more burdensome and difficult. Action by the States is essential; action by EU institutions is indispensable. An introverted centrifugal EU would have far more trouble tackling the Mediterranean challenges than an extroverted centripetal one, that is, a coherent and cohesive Europe, able to engage in international conflict management and seize the opportunities offered by a close-knit region.

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Second, Euro-Mediterranean integration will continue to depend heavily on the evolution of the conflicts that simmer on between some of the region's partners. The most important of these, the one with the greatest media impact, the conflict in the Middle East, is not the only confrontation standing in the way of regional collaboration today. However, no one doubts that, without a negotiated, permanent, just and enduring solution to the Middle East conflict, regional cooperation will never be sufficiently ambitious or productive. The European Coal and Steel Community (ECSC) of 1954 and the Treaty of Rome of 1957 were major "post-conflict" initiatives intended to prevent and impede new intra-European confrontations. In contrast, the Barcelona Process and the Union for the Mediterranean are unfolding in a context of unresolved conflicts, and that is, perhaps, the greatest challenge they face.

Finally, Euro-Mediterranean integration will inevitably depend on the political will of the partners that make up the region, and that, in turn, will depend on how each country tackles the social, political, demographic, economic and employment challenges of the next 20 years. All the southern Mediterranean countries are currently undergoing major social transformations as a result of urbanisation processes, greater participation by women, changes in traditional family structures and demographic evolution. For one thing, all these countries must meet new demands for universal social services, health care and education. All these countries must also attend to demands for political participation and, in some cases, the questioning of the legitimacy of power by broad segments of society. All these countries are in the process of integrating into the world economy and need to adapt their production systems. In short, all these countries have doubts regarding their capacity to take on these challenges and may thus choose to do so from a defensive stance or using strategies for participation and collaboration. The responses to these challenges will vary from country to country. Europe can and should assist and accompany its partners with these adaptive reforms.

Will There Ever Be a True Euro-Mediterranean Region?

Three continents, one sea, more than 43 countries, three unresolved conflicts, three monotheistic religions, one European Union seeking a plural yet solid identity. With this potpourri of geostrategic and cultural factors, finding a solution is not easy. What we know is that Euro-Mediterranean interdependence, that is, the need for the EU in the Mediterranean and the importance of the Mediterranean to the EU, forms the core of all regional relations. The day that this interdependence wanes will be a sad one for the EU. It will mean that the Mediterranean no longer needs the EU; that other partners have managed to edge the EU out of its role as a Mediterranean actor; in short, that Europe has failed to remain the centre of gravity in a region that blends past and future, tradition and growth.

Admittedly, there may be a certain Euro-Mediterranean fatigue, if the project, following 15 years of effort, is unable to advance. The EU has continued to submit proposals and initiatives, to suggest methods for regional cooperation. The South has continued to look to the EU, to set its sights on a European horizon. But has this been enough? Is the EU tiring of the persistence of the Mediterranean conflicts and the modest gains in democracy in the region? Is the Mediterranean tiring of the absence of ambitious proposals from the EU in matters such as the mobility of people or the Middle East peace process? Perhaps, but it is more likely that the geopolitical reality will ultimately hold sway, that the need to be a region united by geography, history and trade will prevail over the inevitable, albeit legitimate, wrangling over short-term interests.