

**MEDITERRANEAN ACADEMY**

**OF**

**DIPLOMATIC STUDIES**

**University of Malta**



**AN INTERNATIONAL COLLOQUIUM**

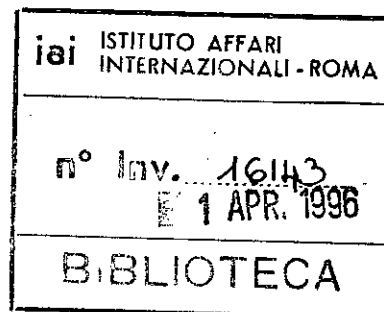
**"COOPERATION AND SECURITY IN THE MEDITERRANEAN:  
PROSPECTS AFTER BARCELONA"**

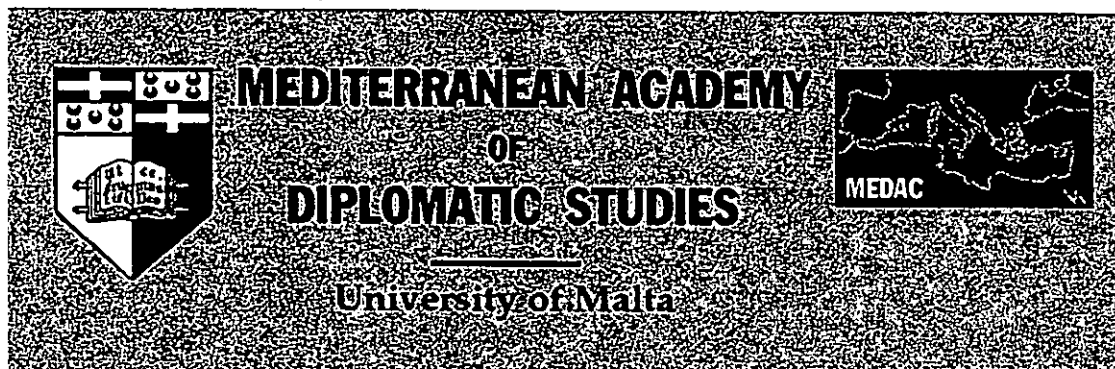
**Malta, 22-23 March 1996**

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**COOPERATION AND SECURITY IN THE MEDITERRANEAN:  
PROSPECTS AFTER BARCELONA**  
Mediterranean Academy of Diplomatic Studies  
Malta, 22-23/III/1996

- a. Programme
- b. List of participants
  - 1. "The Euromediterranean partnership after Barcelona"/ Jean-Pierre Derisbourg
  - 2. "The Euro-Mediterranean partnership: an interpretation from Italy"/ Roberto Aliboni (IAI9603)
  - 3. "The Barcelona declaration: a partnership looking for implementation and improvement"/ Smail Hamdani
  - 4. "The cultural aspects of cooperation and security in the Mediterranean"/ Rachid Driss
  - 5. "Peace, stability, security and prosperity in the Mediterranean region"/ Roderick Pace
  - 6. "The follow-up of the security aspects of the Barcelona declaration, with regards to other initiatives in the area"/ Giulio Picheca
  - 7. "The new dimension of security: internal security in the Maastricht Treaty, the new transatlantic agenda and the Barcelona declaration"/ Fulvio Attinà
  - 8. "Integration or peripheral dependence: the dilemma facing the South Mediterranean states"/ George Joffé





## **AN INTERNATIONAL COLLOQUIUM**

### **“COOPERATION AND SECURITY IN THE MEDITERRANEAN: PROSPECTS AFTER BARCELONA”**

**Malta, 22-23 March 1996**

**Organised by**

**The Mediterranean Academy of Diplomatic Studies,  
University of Malta**

## **PROGRAMME**

**Friday, 22 March**

### ***Opening Session***

- |       |                                                                                                                      |
|-------|----------------------------------------------------------------------------------------------------------------------|
| 9:00  | Registration of participants                                                                                         |
| 9:30  | Welcoming address by the Hon. Prof. Guido de Marco<br>Deputy Prime Minister and Minister of Foreign Affairs of Malta |
| 10:15 | Coffee Break                                                                                                         |

***Session One: Mediterranean Cooperation and Security After Barcelona.  
Perspectives from the European Union and its Member Countries***

10:45 - 13:00

①

Mr. Jean-Pierre Derisbourg  
Advisor to the Director General Mr. Juan Pratt,  
Directorate General for External Relations DG IB, EU Commission,  
Brussels  
*"The Euro-Mediterranean Partnership after Barcelona"*

Dr. Guido Lenzi  
Director, Institute for Security Studies, Western European Union, Paris  
*"European Security and the Mediterranean"*

②

Dr. Roberto Aliboni  
Director of Studies, Istituto Affari Internazionali, Rome  
*"Euro-Mediterranean Partnership: An Italian Perspective"*

Dr. Alvaro de Vasconcelos  
Director, Instituto de Estudos Estrategicos e Internacionais, Lisbon

Discussion

13:00 Lunch (at Hotel Diplomat)

***Session Two: Mediterranean Cooperation and Security After Barcelona:  
Perspectives from the Non-Member Mediterranean countries***

14:30 - 15.45

Ambassador Nabil Fahmy  
Political Advisor to H.E. Mr. Amre Moussa, Ministry of Foreign  
Affairs of Egypt, Cairo  
*"After Madrid and Barcelona: Prospects for Mediterranean Security"*

Dr. Assia B. Alaoui  
Director of Studies, Centre d'Etudes Strategiques, University  
Mohammed V, Rabat  
*"Euro-Mediterranean Partnership: A Moroccan Perspective"*

③

Ambassador Smail Hamdani  
Consultant, Institut Nationale d'Etudes de Strategie Globale, Algiers

15:45 Coffee Break

16:15 - 17:45

Ambassador Rachid Driss

President, Association des Etudes Internationales, Tunis

(h)

*"The Cultural Aspects of Cooperation and Security in the Mediterranean"*

Mr. Roderick Pace

(s)

Director, European Documentation & Research Centre, University of Malta

*"Peace, Stability, Security and Prosperity in the Mediterranean Region"*

Discussion

19:10 Departure to Valletta

19:30 Reception hosted by the Ministry of Foreign Affairs of Malta,  
Palazzo Parisio, Valletta

21:00 Departure to Hotel Diplomat

## Saturday, 23 March

### *Session Three: What Cooperation and Security in the Mediterranean ? Lessons from the Past and Prospects for the Future*

9:00 - 10:30

Mr. Giulio Picheca

(b)

Head, Mediterranean Multilateral Department, Directorate General for Political Affairs, Ministry of Foreign Affairs of Italy, Rome

*"The follow-up of the security aspects of the Barcelona Declaration, with regard to other initiatives in the area"*

Dr. Ian O. Lesser

Senior Analyst, RAND Corporation, USA

*"Mediterranean Security and Cooperation: A Transatlantic Perspective"*

Prof. Fulvio Attina

(7)

Director, Department of Political Studies, University of Catania

*"Security and Pillars: The European Union, the Mediterranean and the Transatlantic Cooperation"*

10:30 Coffee Break

11:00 - 12:30

⑧

Prof. George Joffe  
Deputy Director, Geopolitics and International Boundaries Research  
Centre, School of Oriental and African Studies, University of London  
*"Integration or Peripheral Dependence. The Dilemma Facing the  
South Mediterranean States"*

Discussion

12:30 Lunch (at Hotel Diplomat)

*Session Three (cont.)*

14:00 - 16:30

Mr. Johannes de Jonge  
Head of External Relations, Council of Europe, Strasbourg  
*"The Contribution of the Council of Europe to Cooperation in the  
Mediterranean"*

Prof. Salvino Busuttil  
Director-General, Foundation for International Studies, University of  
Malta  
*"Economic Security in the Mediterranean"*

Dr. Dominic Fenech,  
Coordinator, Contemporary Mediterranean Studies Programme,  
University of Malta

Discussion

16:30 Wrap-up

Meeting adjourns

18:00 Departure to Mdina (Malta's Old Capital City) and sightseeing

19:30 Dinner hosted by the Mediterranean Academy of Diplomatic Studies at  
the Medina Restaurant, Mdina

22:00 Departure to Hotel Diplomat

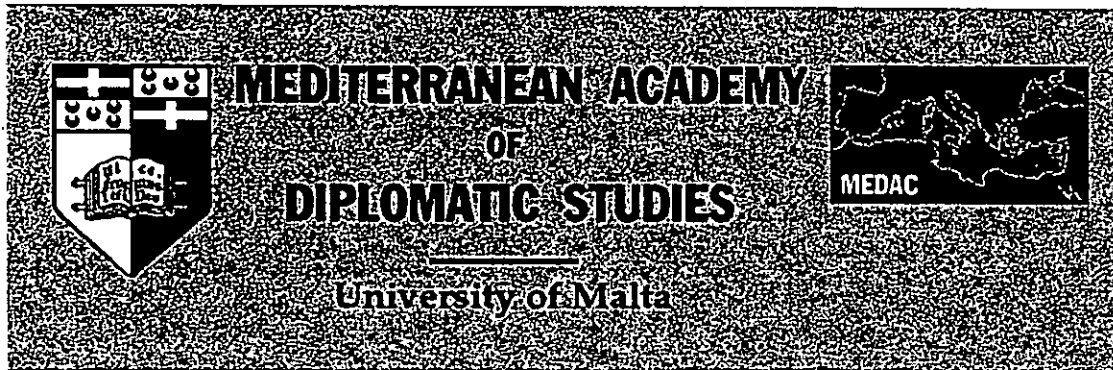
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**EUROPEAN COMMISSION**

Directorate-General IB

External Relations: Southern Mediterranean, Middle East,

Latin America, South and South-East Asia and North-South Cooperation

**The Advisor of the Director General****COLLOQUIUM ON COOPERATION AND SECURITY IN THE MEDITERRANEAN****Malta 22 - 23 March 1996****The Euromediterranean partnership after Barcelona****By Dr. J-P DERISBOURG**

After decades of bilateral relations with Mediterranean countries, the EU decided, during the last European Summits, in Corfou, June 94, in Essen, December 94, in Cannes, June 95, to propose a real partnership to our southern neighbours.

The main reasons were :

- a) after the collapse of USSR, the EU was attracted to the east, with the possibilities of accession for central European countries and the Baltic states. The Commission and Member states wanted a fair balance in favour of our neighbours of the south shore who cannot accede to the EU;
- b) the regionalization within the globalisation of the world economy is a clear trend: Nafta in north America, with a possible extension to south America; Mercosur between four Latin-American countries; Asean and, possibly APEC, in Asia. The new rules of WTO imply that the EU will have to review its network of bilateral agreements with the Mediterranean neighbours;
- c) the need to address a new set of threat perception. There is of course no longer a danger of military aggression and less risk of interrupting the oil supplies through the Mediterranean. Yet the European public opinion fears in the 1990's;
  - a swap over of local or regional turmoil like in Algeria, Palestine, Kurdistan or Egypt, into terrorism, insecurity, criminality in Europe linked directly or indirectly to fundamentalists (from any religion);

- a security risk to European tourists and businessmen visiting the Mediterranean;
- a more and more uncontrollable flow of migration, asylum seekers, job seekers, or people who are looking for better political, social and economic conditions than in their home countries;
- an uncontrollable flow of drugs, hashish, cocaine or opium derivatives;
- the ongoing and recent proliferation of chemical, bacteriological or even nuclear weapons in the Middle East.

The old threat perceptions, military conflict or oil embargo, diminished, but these new threats are now increasing and helping the extreme right political parties in Europe.

What are the possible answers to this situation ? There was a wide consensus in Barcelona on the need to stabilise the socio economic situation in Europe's neighbourhood in the southern Mediterranean shores with two objectives, peace and stability on one hand and an important brake to emigration on the other hand. Reducing the "prosperity gap" has become one of the key targets of European policy. The prosperity gap is actually 1 to 12 according to the World Bank and could well widen to 1 to 15 for the decade 1995 - 2005.

The main characteristics and philosophy of this new partnership are :

- a non paternalistic relationship based on the acknowledgement of interdependencies and common interests, of the right to development and freedom, the need for a decentralised cooperation, the key role of the private sector, the continuous dialogue at all levels : intergovernmental and between civil societies;
- a multidimensional cooperation in its action and its instruments.

How will it work after Barcelona ? The work programme adopted is divided in 3 baskets

1. Political and security partnership : establishing a common area of peace and stability.

Senior officials, meeting already next week in Brussels, will conduct a political dialogue to examine the most appropriate means and methods of implementing

the principles adopted in Barcelona. Most probably they will start to work, with pragmatism, on a possible list of confidence building measures, to be submitted at the next Euro-mediterranean meeting of Ministers for foreign affairs; Tunisia and Morocco are both candidates to host such a conference in spring 1997.

In parallel, foreign policy institutes in the region are encouraged to establish a network for more intensive cooperation. This present colloquium constitutes one step in the right direction.

## 2. Establishment of a Euro-Mediterranean free trade area

Whoever wants to transform the Mediterranean into a zone of peace and stability, should focus attention on how to improve the socio-economic situation in each of the countries concerned.

The negotiation of Association agreements, with each of the countries, is expected to act as a powerful catalyst for opening the economies, introducing free market systems and necessary legislative reforms.

This should give a spur to economic development, private investment, job creation, less corruption, more transparency and accountability, and contribute to the easing of social tensions within societies.

Association agreements have already been negotiated and signed with Tunisia, Israël and Morocco. Negotiations are going on with Egypt and will start soon with Jordan and Lebanon. Explanatory talks have started with the Algerians, the Palestinians and the Syrians.

Bilateral agreements with the EU are not enough. We want the Mediterranean partners to step up their cooperation with their neighbours. They should be heading for a Euro Mediterranean free trade area, around 2010, similar to EFTA at the start. A network of agreements is necessary for this purpose : Turkey, Israël, Cyprus, Tunisia are already in discussions to establish such new relations. It will be a long march, with a lot of difficulties, no doubt, but this is the only way to build a real economic and political partnership.

The EU decided, in Cannes, on a major financial contribution to sustain modernisation efforts : doubling the transfer of funds, roughly grants of 1 Bio ECU each year until 1999 and the same amount, or more, in loans from the EIB.

Horizontal and decentralised policies will continue in certain areas : environment, private sector development, regional integration efforts by improving, before end 1996, instruments like Med Invest, Med Campus, Med Urbs, Med media, Med migration.

### 3. Partnership in social, cultural and human affairs

Actions will be soon decided :

- in developing human resources : training, education;
  - in promoting understanding between cultures and civilisations, such as periodic meetings of representatives of religious institutions or academics;
  - in pushing exchanges between civil societies : youth exchanges, interaction between media, exchanges of experiences between municipalities and regional authorities.
- 

In conclusion, there is hope only if there is :

- a reasonable minimum of political stability, freedom and pluralism; the continuation and the success of the peace process between Israël and its Arab neighbours is therefore critical; working together on confidence building measures will contribute to such stability;
- a democratic commitment from Governments to share power and to provide for periodic changes through political reforms; one after another non democratic regimes will crumble peacefully without revolution or civil war;
- a sound macro-economic policy which could inspire confidence of domestic and international investors : cooperation of the EU and its partners with international organisations, such as the World Bank and the IMF will contribute to the success of this policy;
- a limitation of Government interventions in the market mechanisms : deregulation and privatisation will be necessary; small and medium size enterprises could largely contribute to the diversification of the respective economies;
- an harmonious development of the civil societies during a period of time where the population of Turkey, Mashrak and Maghreb combined, will be up to 300 Mio by 2025.

A real and sincere dialogue and partnership will help to achieve, progressively and with flexibility, all these challenges during the next 15 years.

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THE EURO-MEDITERRANEAN PARTNERSHIP  
AN INTERPRETATION FROM ITALY

Roberto Aliboni<sup>1</sup>

The Euro-Mediterranean Partnership (EMP), established by the ministerial conference held in Barcelona on 28-29 November 1995, is the framework in which the European Union (EU) is going to develop its new Mediterranean policy in the years to come. Partners to the EU in this undertaking are twelve Mediterranean non-member countries (MNCs) of the Middle East and North Africa (MENA) area with more or less longstanding relations with European institutions<sup>2</sup>. This paper describes the most important aspects of this policy and comments on its rationale and prospects.

*Mediterranean instability and European security*

As with Eastern Europe, the new relationship the EU is now seeking to articulate with the MNCs stems primarily from security and stability concerns. Ongoing trends of political and economic instability in the region affect European security perceptions. The EU proposal to its twelve Mediterranean partners to set up an EMP is the collective European policy response to security challenges emanating from Mediterranean instability.

Security and instability are hardly new problems in the area. However, the end of the Cold War, the collapse of the Soviet Union and the growing role Asian and Latin American countries are acquiring on international markets have added new important dimensions to old challenges. Consequently, although the completion of the bilateral treaties between Israel and the negotiating Arab countries remains the cornerstone of the peace process, the need to further the process by securing regionwide conditions for disarmament, socio-economic development and political normalization is just as important. Besides, while the ongoing peace process focusses on the Near East

and is predicated on the US political role, the new challenges involve the wider MENA area and require a growing European regionalist engagement. Proximity is bound to assume a more important role as soon as the peace process goes into the stage of consolidation and normalization. It is in this new post-peace landscape that the EMP is expected to perform at its best, beside other multilateral and international cooperation spheres like the MENA Economic Summit, and the REDWG (Regional Economic Development Working Group) and ACRS (Arms Control and Regional Security working group), both set within the multilateral dimension of the Madrid Conference.

#### *Weak national consensus and socio-economic underdevelopment*

In the changing Mediterranean situation, the EU is called on to help provide a response to two of the many factors of instability: first, the absence or weakness of pluralism and consensus in Arab domestic politics; second, the worsening of economic and social conditions throughout the MENA area. A few words must be said about these two trends before dealing with the EMP and its policies.

Since the revolution in Iran in 1979, European public opinion has been more and more impressed by the rise of political Islam in the MENA area and its blatant anti-Western attitude. It tends to perceive Islamism in itself (and eventually Islam as a culture) as a challenge to its security. There is no doubt that the West is regarded by Islamists as an enemy in many respects, in particular because Western culture is seen as an instrument of global power and oppression in the disguise of universal values and because the West is believed to support the regimes the Islamists are strenuously fighting against. One should not overlook, however, that Islamists are primarily opposed to domestic regimes and participate beside other forces in national political processes. Islamists must be regarded as part of a wider domestic opposition against largely delegitimized governments



strongly determined to hold onto power.

The varying segments of the opposition have differing views about the reasons current Arab governments are delegitimized. According to the Islamists, governments have proved unable to assert Arab and Muslim interests, like the liberation of Palestine, mainly because they became subservient to the West and do not comply with the *sharia* (which causes the spiritual corruption that eventually explains their political incompetence). Present governments are accused of the same incompetence and subservience to Western interests by old-fashioned nationalists. On the other hand, the argument put forward in liberal quarters is that "political participation and palpable improvement in the quality of life ... was sacrificed on the high altar of Arab nationalism"<sup>3</sup>. Given that the regimes have neither achieved the objectives of nationalism nor delivered an improvement in the quality of life, they have lost legitimacy and should restore the political freedom that their citizens have sacrificed in vain.

In this framework, it is only obvious that Europe is attracted by the liberals, while looking more than suspiciously at Islamists, but the central question from the point of view of European security pertains less to the individual arguments and goals of the opposition than to the fact that current governments deny pluralism and are unable to integrate the opposition forces into some form of national consensus. This is the real factor from which instability springs and, therefore, the factor which affects European security and has consequently to shape EU Mediterranean policies.

As for MENA socio-economic development, things are more evident. The worsening of social and economic conditions in the region with respect to other less developed regions has become clear in the nineties. A report published by the World Bank in October 1995<sup>4</sup> points out that in the last decade the MENA countries suffered the largest decline of real per capita income (approximately 2% a year) of any developing region and a 0.2% annual decline in productivity.

As a consequence of this decline in productivity, the MENA countries achieve about half the output per unit investment of East Asian countries. This economic decay coalesces with high rates of population increase to stir both high unemployment and migrations. Poverty and unemployment are the most important - though certainly not the only - factors in thickening Islamist ranks and feeding extremism. In this framework, migration is characterized by a widespread need to assert identity from a cultural but sometimes even a political point of view. This creates attrition inside Europe and contributes to make Islam - whether political or not - to be perceived by Europeans as a security risk or threat.

*The Euro-Mediterranean Partnership: (a) regionalisation*

In order to face these challenges to Mediterranean stability and European security, the Declaration approved at Barcelona singles out two main instruments of collective cooperation: (a) the "regionalisation" of Euro-Mediterranean economic cooperation; (b) the establishment of a mechanism for regular political cooperation and the implementation of a common area of peace and stability.

The EMP agenda for economic cooperation is centered on the implementation of a free trade area (FTA) by the year 2010 and - implicitly - on a variety of radical changes which would enable the Arab economies to take advantage of the growth opportunity provided by the FTA.

The establishment of the EMP will put an end to the non-reciprocal industrial preferences enjoyed so far by the MNCs within the framework of their past agreements with the EU. As a consequence, while maintaining the free access to European markets for their industrial products (and, thanks to the Uruguay Round, expanding this access to several previously protected products, such as textiles), the MNCs will have to do away with protection and permit free access to EU industrial products. At the same time, EU agricultural

protectionism will not be eliminated, though there is a general expectation that it will be significantly reduced.

This agenda is a very serious challenge for the MNCs, for it will bring about an extensive exposure to EU competition without providing any significant additional market. Indeed, one may wonder why they accepted it. The almost unanimous response<sup>3</sup> is that the MNCs had no other way out, as the agreements made under the Uruguay Round will erode their European preferences anyway and, if they don't proceed now to make their economies reasonably competitive, they will become very soon more and more marginal and poor. Having no alternative but to enable their economies to compete internationally, the chance of doing it within a regionalist scheme may ease the task. In fact, under the perspective of what is now called "open" or "new" regionalism, the FTA is regarded as a way of stimulating economies on the supply side, of compelling less developed countries to improve productivity and of creating a "public good" which will generate externalities. Another opportunity is offered by the fact that they can pursue this option in a framework in which they would be assisted by the EU.

For these reasons, the debate is centred, rather, on the strategies the MNCs should adopt - such as deregulation, incentives to domestic and foreign investment, public finance and other macroeconomic policies - in order to go through such a difficult transition. We won't enter into this debate here, but it must be noted that the EMP contemplates a number of policies to help the MNCs' transition. First, financial aid has been increased considerably (even though per capita aid remains three times lower than that devoted to the Central-Eastern European countries). It now amounts to 4.685 billion ECU (approximately 6 billion US\$), which will be coupled by a similar amount in loans from the EIB, the European Investment Bank. Second, unlike what used to happen with the old association agreements, these financial resources will not be

previously allocated on a country-by-country basis but will be engaged and disbursed according to partners' individual ability to perform and succeed in reaching assigned targets. Thirdly, the multilateralization of the market as well as the establishment of South-South regional links inside the FTA is regarded within the EMP's agenda as an essential condition for the Partnership's success. The simultaneous enlargement of the market to all the non-EU partners should act as an important demand-side advantage emanating from the FTA. For this reason, beside economic restructuring and assistance in reducing socio-economic gaps within the MNCs, part of the EMP's financial aid will be devoted to supporting regional economic cooperation and development. Moreover, the rules of origin will be construed so as to give preference to products including as much import as possible from other FTA partners.

*(b) political cooperation for peace and stability*

The EMP provides an entirely new element in the EU-MNCs relations by establishing a mechanism for a Mediterranean political cooperation (MPC) and by planning the implementation in the area of a "common area of peace and stability". Though the MPC may be related to all the components of the EMP, there is no doubt that it will above all inspire and direct the implementation of the common area of peace and stability.

The MPC is a very light mechanism. But it is also very innovative, in that it is not linked to specific objectives - as in other Mediterranean cooperation schemes. It is directed first of all to the broad task of establishing political consultation *per se*. In this sense the MPC, as light as it may be, is a genuine institution, dissimilar from, for example, the NACC (North Atlantic Cooperation Council) or the Partnership for Peace but belonging to the same kind of conflict preventive institutional multilateralism.

The institutional character of the MPC may prove too ambitious

with respect to the actual political cohesion of the EMP (and therefore generate controversies or conflict) but it may also be the only way to build up the common area of peace and stability envisaged by the Barcelona Declaration, which is in turn just as ambitiously predicated on the implementation of a long list of principles related to pluralism, democracy and human rights. Such principles (like human rights) are either eminently controversial in Islamic-Western relations or blatantly disregarded by many MNCs.

It is difficult to predict whether and to what extent the Arab regimes will comply with these principles and enable the common area of peace and stability to materialize. To some extent the principled common area approved at Barcelona is the price the Arab MNCs had to pay to strengthen relations with Europe, in view of the fact that, after the end of the Cold War and as soon as the bilateral peace treaties in the Near East will be concluded, US interest towards the MENA area will decrease, the need to reconstruct the economy will prevail and Europe will necessarily become the area's most important partner. Given this perspective, whatever the EU will do or become, as EMP members the MNCs will retain the advantage of having a say. But, in order to preserve such a say, they will have to contribute to developing the EMP and, with it, the principled common area that it includes. In order to ensure a substantial degree of compliance and implementation of the principles underlying the common area of peace and stability, the MNCs' preminent political interest in developing the EMP will be no less important than EU political conditionality and the access to Arab civil societies provided to the EU by the EMP.

What will be the substance of the EMP's common area of peace and stability? Beside cooperation in the field of "soft security" (organized crime, terrorism and drugs problems, etc.), the pursuit of the principles on which peace and stability are predicated within the framework of the EMP means that the EMP will concentrate on

attempting to develop and reinforce a Mediterranean framework for crisis management, in particular a capacity for preventive diplomacy and crises prevention. The conditions for such a development in the Mediterranean are different from those prevailing in the OSCE area, particularly in Central and Eastern Europe. In most of the OSCE area there are diffuse and vital interests towards developing regional political integration and ensuring the survival of collective security which - with the exception of the Mediterranean countries which are candidates to become members of the EU - may be absent or much weaker in the Euro-Mediterranean area. Nevertheless, preventive diplomacy and crises prevention are accepted and even welcomed by many MNCs because, while allowing political cooperation with the EU, they are less intrusive than other instruments of collective security.

With respect to the variety of instruments of preventive diplomacy and crises prevention developed by the OSCE in the nineties<sup>6</sup> and the direct role the OSCE has been able to assume in managing prevention functions, it is possible that a more cautious or traditional diplomatic approach will prevail in the Mediterranean. For this reason, the proposal put forward by the Barcelona Declaration and stressed by France during the Conference to establish a Euro-Mediterranean Pact and to proceed along the lines of the experience provided by the Pact of Stability in Europe makes sense. In relation to specific crises, a number of round tables with the participation of the interested countries could be held within the EMP. The round tables would make discussions and negotiations possible and give the collective EMP institutions an adequate and effective role. In European diplomatic quarters the establishment of a Mediterranean Pact of Stability is regarded as less ambitious and more feasible than the setting up of a Centre for Conflict Prevention along the lines of the one working within the OSCE. But for the time being there is no reason to rule out the possibility of establishing

such a Centre.

Apart from prevention and crises management, other security-related aspects, like the establishment of Confidence Building Measures, armaments reduction or control and anti-proliferation policies may remain outside of the EMP (though the Declaration talks of them). In principle, these issues should be tackled in other contexts, like the Mediterranean Dialogues started by both the Western European Union and NATO, or would require a more definite profile of the EU's Common Foreign and Security Policy. For the time being, there will be limits to the substance of a shared Mediterranean area of peace and stability and this area will be based less on military-related security than on a comprehensive concept of security. Nonetheless, whatever these limits and the instruments the Euro-Mediterranean partners will select to start implementing the common area of peace and stability, this EMP dimension will emerge as a crucial factor in carrying out Mediterranean cooperation, also because stability and peace are essential conditions for economic reconstruction and foreign direct investment.

### Conclusions

The EMP is the result of a remarkable and successful effort by the EU to innovate and reinforce its Mediterranean policy. This effort has been marked by both continuity and change. Continuity is secured by the assertion of the European democratic identity, embedded in the principles of democracy, freedom, pluralism and respect for human rights which have been incorporated into the Barcelona Declaration; also, by the privileged role assigned by the same Declaration to decentralized cooperation, the interaction of civil societies and the development of cultural relations within the EMP. Change is reflected in the articulation of a new structured strategy of regionalism, predicated on the establishment of an FTA as well as in the search for a common area of peace and stability aimed at providing security

and supporting economic development.

For the time being, several important challenges to security and stability, such as migration, have a minor role in the EMP. If the EU members manage to agree upon a common policy towards migration, the latter may become a major issue to deal with in the framework of EMP crises prevention. In any case, the newly-born EMP can be regarded as an important platform for the improvement of EU security towards the Mediterranean areas and the upgrading of the coherence and impact of the EU's Common Foreign and Security Policy.



### Notes

1. Director of Studies, Istituto Affari Internazionali (IAI), Rome.
2. Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey and the Palestinian Authority. Cyprus and Malta, however, are candidates to become members of the EU.
3. "Saad Eddin Ibrahim, "Crises, Elites and Democratization in the Arab World", *The Middle East Journal*, 2, 47, Spring 1993, pp. 292-305.
4. World Bank, *Claiming the Future. Choosing Prosperity in the Middle East and North Africa*, Washington DC, October 1995.
5. See Gérard Kebabdjian, "Eléments d'une prospective Euro-Méditerranéenne", in Robert Bistolfi (sous la direction de), *Euro-Méditerranée, une région à construire*, Publisud, Paris, 1995, pp. 57-100; Nazih N. Ayubi (ed.), *Distant Neighbours. The Political Economy of Relations between Europe and the Middle East/North Africa*, Ithaca Press, Reading, 1995; I. Bensidoun, A. Chevallier, "Les échanges commerciaux euro-méditerranéens", *Economie Internationale* (Paris), 58, 1994, pp.111-130; Victoria Curzon Price, "The European Economic Area: Implications for Nonmembers in General and Mediterranean Countries in Particular", in E. Ahirom, A. Tovias (eds.), *Whither EU-Israeli Relations? Common and Divergent Interests*, Peter Lang, Frankfurt a. Main, 1995, pp. 87-106.
6. Ministry for Foreign Affairs, *The Challenge of Preventive Diplomacy. The Experience of the CSCE*, Stockholm, 1994, pp.11-32; Werner Bauwens, Luc Reyckler (eds.), *The Art of Conflict Prevention*, Brassey's Atlantic Commentaries No. 7, Brassey's, London, New York, 1994.

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THE BARCELONA DECLARATION : A PARTNERSHIP  
LOOKING FOR IMPLEMENTATION AND IMPROVEMENT

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Smail HAMDANI

Ladies and gentlemen,

Let me, first of all, thank Mr Alberto Bin and the staff of the Mediterranean Academy of Diplomatic Studies in Malta, for the invitation to take part in this colloquium, on "cooperation and security in the mediterranean", and especially on "the prospects after Barcelona".

If, in last November, the Barcelona meeting was a governmental one, our gathering, today, is between private persons ; it means, that the plenipotentiaries in Barcelona were bounded, at least in principal, to defend the point of view of their government, and the very interest of their own countries ; it's their duty to do so ; while, in our meeting today, whether from the north or the south shore, we are free from this obligation and we can and must have a certain vision of the future of the mediterranean region a whole.

Nevertheless, we cannot say that this document had met the requirements and hopes of the people of the south shore, while he met, very much more, those of the North, even, if in its appearance and form, it seems to be equal to both sides.

It would be too long to comment and detail each point of the Declaration, but we may have a certain reading together.

For the first time in the history of our region, something serious had begun ; for the first time, 15 european countries, including 10 non directly mediterranean but linked to the area, and 12 mediterranean, non members of the european union, stated to establish a global euro mediterranean partnership.

We must say that the mere meeting in Barcelona and its issue, is, by itself a very positive step and we must, also, remember that, for more than 2 decades similar attempts to meet, dialogue and agree, between these we generally call developed countries or the north and the developing countries or the south, had not succeeded.

It is the hope of all the members to see the implementation of the decisions taken in Barcelona ; it's also the hope of the people of the south, and may be their dream too, to see the partnership, as decided last November, seriously improved.

We should wipe out the perception of many observers from the south who see that the draft Declaration was shaped by the europeans, much more for themselves and in a subsidiary manner for the others.

The common space of peace and stability should be framed by partners equal through a real political dialogue ; our common security cannot be divided ; the regional security, contrary to yesterday's confrontation between West and East, is not to substitute South to East ; it lies in a real balance of a dense network of interests, in an understanding between all our peoples with no one excluded; in short, it lies in a real and global partnership.

The security will not be insured by military means or common manoeuvres.

The chapter, related to the economic and financial partnership, after having stressed, in its first paragraph, on the necessity of a lasting and balanced economic and social development in order to build an area of shared prosperity, immediately after this generous statement, the Declaration, instead of giving a real treatment to the foundations of the partnership, and cleaning up its bases, namely by resolving the stifling question of the debt, instead of that, the Declaration, in the following paragraph, dismisses the debt problem.

A real partnership seems to me very difficult to establish while this problem and in general the question of financial relations between the North and the South remain unsettled ; in other words, can a partnership, in the equal benefit of both parties, be built between a "heavy" creditor and his debtor.

In the light of this, let's examine the situation of Algeria, without hiding the responsibility of the national authorities in the question of the external debt, we cannot also forget the foreign liability in this matter, as far as the origin of the debt or its management, are concerned.

The brutal fall of the oil price in 86 and of the US dollar (the account currency), put algeria in a very difficult situation which leaded to serious turmoil. Managing its debt, Algeria had to pay for the period of 3 years, 91, 92 and 93 an amount of <sup>28</sup>~~35~~ billions \$ and received for the same period 19 billions \$<sup>+</sup> with a debt stock of 26 billions \$, which meant a net outflow of 9 billions \$ to the creditors, namely 3 billions \$ per year, and the debt of 26 billions \$ is still the same ; So, you always have to pay without hope of putting and end to this sea-serpent.

+ of credits  
(inflow)

As a consequence of that, in 93, as an example, the country had to reduce the imports to half of the 85's level, while the population had grown and the social demand had risen.

Besides that, you loose your ability to negotiate better conditions for your imports ; you pay a higher price for the goods you buy, while the oil price, the main export product, is at a level before the 1973 'one.

An exhausting situation with high losses.

The creditors advised the authorities to pass an agreement with I.M.F and reschedule the debt with the so-called Paris Club and London Club ; even though, one knows that <sup>no</sup> other country had settled his debt problem through a rescheduling. Algeria was compelled, in 94, to resort to reschedule its foreign debt.

As a result, the ratio of the debt service went down from 86% of the exports in 93 to ~~48%~~ and the debt stock ~~ris~~ed from 26 to ~~35~~ billions \$. 48,7% in 94 and to 43,1% in 95,  
more than 32

This gave some financial ease but it was not sufficient to allow a real take off of the economic development ; a normal debt service should not exceed 25% of the exports.

The financial "assistance" afforded by E.U. doest not give the adequate solution, and the trap of the debt remains and you have to pay again and again.

Out of the debt question and out of the tariffs and customs, a free trade area has other requirements such as, among other things, acquiring technology, spreading training and education, mastering management and know-how, in order to ensure a competitive position with partners.

A free trade area implies better conditions of an equal competition, or at least a competition not too much unequal, a competition where you give and take ; otherwise, it would lead to exploitation, frustration and even confrontation.

By the way, I would like to say here that I don't agree with the last statement made in Paris on the 13/2/96 by Sir Leon Brittan Vice-President of the European Commission who said :

"It's time to adopt an offensive strategy in favour of opening markets which are needed by the french economy and in general by the whole of Europe".

When you read the development on the social, cultural and human partnership, you're struck by the generous ideas expressed in the Barcelona Declaration ; despite the mention of some "selfish" preoccupations, the text is, in itself, of a high level, and we may say : "there is nothing to add, just put it into practice".

However, it seems to me important to clarify and improve this praiseworthy text in some of its aspects :



1- Social and cultural development are intimately linked to economic development,

2- Security, democracy, human rights, birth control etc... cannot be based on poverty ; such achievements can be reached only by a large middle class society,

3- As far as the emigration question is concerned, we should, in my opinion, state some principles and rules :

a/ the right answer to unemployment problem does not lie in the emigration but in the domestic development.

In this regard, Algeria had in 1973 unilaterally put an end to the policy of emigration.

b/ those emigrants, legally established, should be protected ; their protection must be considered as a part of human rights.

c/ in this connection, the question of emigrants should not be used as a Wager in a gamble or a kind of "punching ball", especially at the time of electoral competition or in the domestic policy to hide some social problems.

To do so is adding a great harm to the emigrants, by, notably, exciting against them antiracial feelings and xenophobia.

d/ full facilities must be given for those who want to be integrated in the immigration country.

4- Finally, if we want really to favour understanding between cultures and exchanges among our peoples around the mediterranean, we must give ~~to~~ each other facilities to travel and meet ; we should avoid erecting what appears to be a "citadel Europe".

Its a good symbol for the colloquium to be held here in Malta, in the very centre of the mediterranean sea ; Malta took from North and South, even in its language. By the way, why Malta is considered as european ? Isn't she african ? In fact she is both european and african, i.e. she is mediterranean.

From such a mediterranean place, I would like, in conclusion, to call also for a real dialogue of religions, cultures and civilisations, to know each other much more, to understand and admit our differences : that would be fruitful for both sides, North and South ; we should not think to reproduce unique cultural model and we have to keep our own identity and to be in the mean time open to other cultures in a spirit of tolerance ; that's the mediterranean spirit.

Thank you

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# THE CULTURAL ASPECTS OF COOPERATION AND SECURITY IN THE MEDITERRANEAN

(4)  
*Rachid DRISS*

The concept of security has been for a long time analysed in depth, by consensus reached by discussions and confrontations of attitudes. This concept includes military, political economic and social aspects. The cultural dimension has not received the necessary attention it deserves when discussing the problem of security.

Fortunately, Professor Huntington in a famous article in "Foreign Affairs : The clash of civilization" has raised challengingly the question of culture as a factor of conflicts, and consequently of security.

"What do we mean when we talk about civilization ? -a civilization is a cultural entity". This is Professor Huntington's theory. Furthermore he enumerates the elements of a culture : language, history, religion, dress, institutions... and he adds : civilizations are differentiated from each other by historical, language, cultural and most importantly religions traditions. The people of different civilizations have different views on the relation between God and man, the individual and the group, the citizen and the State, parents and children, husband and wife, as well as different views of the relative importance of rights and responsibilities, liberty and authority, equality and hierarchy.

These differences are the product of centuries, they will not disappear in the foreseeable future. They are far more fundamental than differences among political ideologies and political regimes. Differences do not necessarily mean conflict and conflicts do not mean violence. Over the centuries, however, differences among civilizations have generated the most prolonged and "the most violent conflict".

I am not going to comment the thesis of Professor Huntington. Though I do not share all the ideas he has advanced, I consider his remarks as pertinent and a source of fruitful debate on the cultural aspects of security, the impact of civilization, the behaviors of nations and individuals, the true importance of which has been neglected uptil now.

Taking this theory as a reference, I shall try to go through the situation in the Mediterranean countries and their peoples and give suggestions on the use of cultural factors to overcome differences and build a Mediterranean community. Needless to say at the outset that to reach this goal we need a clear political commitment.

The Barcelona Conference of November 95 constitutes a step in that direction. In its final Declaration, it emphasized the importance of the dialogue between cultures and civilizations.

A group of experts is due to meet in order to propose concrete measures and actions in the fields of culture. On the other hand, it draws attention to the necessity of a better comprehension between existing religions of the Euro-Mediterranean area as well as organizes meetings between representatives of the religions : theologians, lay university professors and other interested persons. The aim of these meetings is to master prejudices, ignorance and fanaticism and promote cooperation. The Declaration includes items connected with culture, such as education, science and technology, medias whose importance is increasing and raises many problems in this time of

speedy and complex evolution.

Let us now deal with a few items, considered as elements of culture, especially about the Mediterranean area.

1. In the Mediterranean region there are more than 10 languages, not including dialects : Arabic, Berber, Turkish, Hebraic, French, Italian, Spanish, Greek, Albanian, Slavic, Maltese, Portuguese (Portugal is considered part of the Mediterranean area by proximity). We can also add English spoken in Malta and Cyprus. All these languages convey values, concepts, behaviors. Each one of them can even convey different messages. Let us take Arabic as an example : it is used by Arab nationalists to glorify the Arab nation and Arab unity. It is used by Moslems to explain Islam, profess tolerance and virtue, find the seeds of modernization in Islamic teaching, or it can be used by Islamist integrists to refute the modern constitutional governments and claim an Islamic State with the Koran as the only source of government or legislation.

Another example is the French language which carries the ideas of the French revolution as well as socialism or capitalism, conservatism or liberalism and also xenophobia and racism using more or less the same words.

All languages convey traditions inherited from the past which are the background of peoples' cultures.

These traditions can bring people together or separate them. Pascal, the French philosopher of the 17th century said : "Truth on this side of the Pyreneans, lies on the other side" and Kipling said "East is East and West is West and never the twain shall meet", having in mind different cultures and behaviors. I shall come back to that later when dealing with the religious aspect of culture.

The languages separate by their diversity. How can they facilitate a cooperation between the peoples of the Mediterranean area ? We recognize the problem and we have to solve it in such a way that language becomes the instrument of understanding and not an instrument of confrontation).

At the end of the 19th century, a philologist, Dr. Zamenhof, born in Barcelona in 1887, created a new language, with the hope to realize this union. It was called Esperanto. It did work during about 50 years, used mostly by intellectuals and pacifists, it was even proposed to become a UN language, but without success, and Esperanto vanished as it was artificial, without literature or tradition. After World War II, English is almost becoming a universal language, but there are reactions from the French, the Spanish and others. Whatever its audience, English cannot become the single one. For centuries, Latin, Greek, Arabic, French were used by a large number of people who traded with one another. The conclusion we can draw is that one single language cannot be adopted for relations between the peoples.

The Internet system, considered by experts as a revolution in the field of communications, whose importance is the equivalent of the Gutenberg invention of printing, started by circulating informations only in English, but other nations reacted and have started feeding the system with their own language, French and Spanish texts are already available and other languages will follow, Japanese, Arabic, German and Russian.

The solution for the problem of languages is the ability to learn and use as many languages as possible. The knowledge of languages is as important as learning mathematics. A language is the key that opens doors for cooperating for peace and security. When words have the same meaning in negotiations, there is a better chance

for understanding and no misunderstanding in translations.

The School for Oriental Languages in Paris has played an important role in the understanding of other civilizations during the colonial period.

In Tunisia, we emphasise the teaching of languages. People of Tunisia used to speak Arabic and French, but today we have more young ones speaking English or German. Recently Hebrew has been introduced in the curriculum of university, but in the Institute for Foreign Languages, there are teachers of Chinese and Japanese. The Mediterranean countries should encourage the teaching of languages as an instrument for better understanding, communication and security.

As I have already stated, language allows people to know about each other's traditions, ways and means of living, cultural background and it can either unite or separate them.

When we study traditions, we often discover that they are rooted in religions.

In the Mediterranean area, our three religions are monotheistic. In principle they teach the same faith in God, but they differ in conceptions and ways to implement his laws : Jehovah for whom the Nation of Israel is prominent, God the Father, with Jesus as the Son and the Holy Spirit form the Trinity, the main principle of which is the love for the neighbours and Allah for Islam, professing universality with the concept of UMMAT (Islamic community). The analysis of religions is a passionate item. One cannot ignore that, though the three religions have the same origin, monotheism is the basis of the three but there are differences. These differences, the various interpretations of the founding texts and the conduct (belief of the believers have been at the origin of religious conflicts and wars). The Crusades, in the Middle Ages, the Arab-Israeli conflict, to a certain extent, the war in ex-Yugoslavia between Christian Orthodox and Moslems and even the conflict in Tchechenia, all have an explanation or an excuse in religious differences. To have security and cooperation in the Mediterranean region, we need a better understanding of our religions and accept the differences, a notion of tolerance in our relations.

The Barcelona Declaration, as I have already said, recommended an action for understanding and tolerance among peoples from different religious credos. These recommendations were the result of a determined and patient action undertaken especially by UNESCO. Different meetings and seminars have been held on this subject. One of them was held in Carthage (Tunisia) at the Academy of Sciences and Letters "Beit El Hikma" on 21 and 22 of April 1995, with the cooperation of UNESCO). The participants issued a declaration called "Charte de Carthage sur la Tolérance en Méditerranée". In this Charter, it is said that the long experience of humanity shows clearly that no peace between peoples can prevail without peace between political or religious believers. It therefore emphasizes the duty of the three monotheistic religions of the Mediterranean to promote in their midsts as well as elsewhere in their relations with other societies, the values of liberty, tolerance and human rights. The participants also invited all peoples of goodwill to work for the dialogue between the two shores of the Mediterranean sea for peace, cooperation and tolerance among their populations.

A previous seminar organized by our Association for International Studies on the relations between Maghreb and European Union on November 24, 25 and 26, 95 recommended in its final Declaration a cultural action :

### Cultural Action

*Cultural action aims at a deep mutation in the mentalities. It will thrive to eliminate secular prejudices, erase stereotypes deep into peoples' minds, giving distorted images, here of Western societies, there of Islam. Schools, books, newspapers, radio and television programs, films and theatre shows, all those medias will not be in excess in countries on both sides to imprint in everyone's minds a more serene image of his neighbours, his credos, his customs and his yearnings.*

A sense of tolerance, cooperation, human rights and peace has been always present among the Tunisian elite. The Tunisian reformists at the end of the 19th century, true to Islamic teaching as well as the principles of the French Revolution, have tried to modernize the state at the same time as the ottoman Empire and Egypt.

Tunisia abolished slavery in 1846. This decision taken by Ahmed Bey was in conformity with the Koran which exhorts Moslems to liberate slaves. In 1857, Mhammed Bey proclaimed the Security Charter "Ahd El Aman", a sort of human rights declaration. In 1861, a Constitution was proclaimed by the Bey of Tunis Mohamed Sadok along the same principles. The impact of Western thoughts and the ideals of the French Revolution had their impacts on the rulers who tried to adapt them to the traditional ways of the government. Kheireddine Pacha, Prime Minister of Tunisia, then Chancellor of the Ottoman Empire wrote a book called :

#### "The best way to know the condition of Kingdoms"

In this book, he surveys the situation in several European countries he had visited, their political systems and the improvements they had achieved. Then he compares them with the situation in Islamic countries of the Ottoman Empire, and Tunisia in particular, addressing the politicians and the scholars of Islamic law. He draws their attention to the difference between Europe's prosperity and contribution to civilization, democratic and liberal traditions, implementation of justice, advancement of science and industrialization. He explains that these improvements are the result of a long march of the European rationalism but they exist also in the fundamental values of Islam.

In 1905, Cheikh Abdelaziz Thalbi, the founder of the Destour Party (Destour means constitution) published a book called :

#### "The spirit of liberalism in the Koran"

In this book, he glorifies the European Renaissance, the French Revolution and the Declaration on Human Rights. He also deals with the progressive status of women in Islam, the relations between Moslems and Christians, the universality and the tolerance of Islam at the core of a true interpretation of the Koran. The main concern of both writers was to harmonize the Shariaa (the Islamic law) with modern times.

We are following the same path. When President Bourguiba decided in 1956 to give women equal rights with men, he founded this new law on a liberal interpretation of the Shariaa.

In the 19th century and the first half of the 20th, modernization was advancing in the Islamic world despite the resistance of conservative doctors of Islamic law. Unfortunately, this trend has been reversed : we see a violent reaction of the fundamentalists. It can be explained by the colonialist behavior, the repeated defeats of the Arabs in the Middle East and the importance taken by Governments based on

religion. As a result of the conflict between liberal and conservative opinions, the Islamic world is living in turmoil. Very few countries can escape it. In Tunisia, we try to continue in our modernistic path.

In the Mediterranean area, we think that a cooperation between North and South can preserve the chances for modernization, based on mutual understanding and cooperation. This is the condition for stability, the prerequisite necessity to avoid conflicts of civilizations. We have to promote livable structures for cooperation and build for future generations the bridges for peaceful cohabitation and joint action for peace, progress and prosperity, with respect for human rights.

Languages and religions can separate or unite, bring conflictual situations, or even ferocious wars feeding misunderstanding, hate and revenge. It can also encourage nations to live together in peace and cooperate. The history of the Mediterranean countries is abundant in conflicts, wars and confusions. At the same time, it is full of interrelations, exchange of goods and cultures. The area has seen empires rise and collapse, each one of them leaving behind values and traces of civilization : Greeks, Phoenicians, Romans, Arabs and Europeans are all parts of our Mediterranean world which is characterized now by modern States, with a Judeo-Christian heritage and a Moslem one. This difference of cultures is a fact, it characterizes our ways of life.

Another difference can be noticed ; it is the result of the evolution of history : the difference between Reason versus Mysticism. Reason derives from the Greek philosophy. Reason is one of the elements upon which Islam bases its argumentation. Mysticism derives from religious beliefs, spiritual convictions rooted deeply in ancestral traditions. Science and rationality are born from Reason, devotion and irrationality are born from mysticism. Civil societies confront religious ones and we should work towards transforming this confrontation into understanding. Stability and democracy are at stake. The dilemma is that this confrontation is not only one of ideas, but a bloody struggle. It has been the case in the Middle Ages, with the Crusades, and to-day with the integrist movements. To reach the necessary harmony in cultural differences is not as easy as a cooperation in business affairs. In spite of wars, trade can continue and business can break barriers. To reach peace in the minds and transform cultural differences into a synthesis is a far more difficult task. The establishment of a Euro-Mediterranean Community, in which people can live in peace and prosper needs a serious and continuous action.

The participants in the Barcelona Conference have fortunately not forgotten the cultural aspect of cooperation and security. May the future show that a turning point has been reached between North and South of our "Mare Nostrum".



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## PEACE, STABILITY, SECURITY AND PROSPERITY IN THE MEDITERRANEAN REGION

Peace, stability, security and prosperity are the key words stressed in the *Barcelona Declaration* approved at the Euro-Mediterranean Conference in Barcelona last November. This is understandable considering that these four virtues are abundantly scarce in the Mediterranean region. There is no denying however that the four are intimately connected so that it cannot be realistically assumed that one of them could be secured and enjoyed in the longer-term without the other three. Instability in the Mediterranean arises mainly from the historical sub regional conflicts, from the attempt of radical states to radicalize international relations in the region and from the internal instability of some states. A sense of insecurity arises because of the national military buildups by some key actors, unresolved conflicts, the historic experience of the use of force to resolve issues and above all the imbalance between strong and populous states on the one hand and small, unarmed countries on the other hand. Many countries sense their own "vulnerability", in the meaning employed by Buzan<sup>1</sup>, who distinguished between threats, sometimes very hard to perceive, and vulnerabilities which he claims "*are fairly concrete*". In the case of many Mediterranean states, this vulnerability arises from the strategic positions they occupy: Turkey at the head of the Dardanelles, Egypt on the Suez Canal, Morocco and Spain command the narrow passage linking the Mediterranean with the Atlantic, Malta the main seaways in the midst of the Mediterranean and Cyprus a geostrategic position close to Turkey and the Middle East. Some of them possess important mineral resources such as oil, gas or phosphates. The nation state is by historic time-scale a

<sup>1</sup>Buzan Barry, "**People, States and Fear: An Agenda For International Security Studies In The Post - Cold War Era**" Harvester and Wheatsheaf, (2nd edition) 1991, pages 112 forward. Buzan distinguishes between threats and vulnerabilities. Weak states (because they are small) are vulnerable in many senses mostly as a result of their smallness. Larger states, as well as small ones, can be vulnerable by virtue of their strategic geographic position, the fact that they possess important raw materials which other countries want or weak internal institutions which invite foreign intervention.

mineral resources such as oil, gas or phosphates. The nation-state is by historic time-scale a recent artifact. Hence, the internal weakness of such states, their unstable institutions and economic problems increase their vulnerability to external meddling, increases their disposition to arms buildups to overcome their perceived vulnerabilities and in turn present a security dilemma to their neighbours. Most of the countries of the region have only recently emerged from colonial rule. The growing strength of political movements which challenge the internal status quo in some key countries are also viewed as a source of both instability and insecurity. Terrorism appears to be endemic to the region. Drug trafficking is a growing concern in tandem with the proliferation of weapons of mass destruction. Falling prosperity is evident in both the northern as well as southern shores of the Mediterranean. In the south it is reflected in the falling GNP per capita ratios, as economic growth continues to be generally positive but inadequate to keep up with demographic changes. In the northern shore countries it is epitomized by the growing developmental gap between the southern and northern regions of Europe. On both shores rising unemployment, an inadequate economic infrastructure, social and health care problems bedevil governments. In the southern shore states, a liberal democratic state structure based on the full and adequate participation of the people, expectancy of peaceful change in governance through fair elections, the rule of law and respect for human rights are still far from becoming the norm, making such states prone to change by violent means and raising concern in Europe about their long-term stability.

The European Union has long realized that instability in the Mediterranean region can possibly have destabilizing effects on Europe itself.<sup>2</sup> Lacking the institutions and the legal basis for joint political action by the Member States in the fields of security and defence, it acted as a *civilian power* in the region, employing economic statecraft to achieve political aims. The first association agreements signed with Greece and Turkey in the early sixties were particularly aimed at strengthening the economic stability of these key NATO countries in the era of the policy of containment. It used the association agreement with Greece to show its disdain of the military junta while it reigned in Athens and finally it opened its doors wide open to Greece, Spain and Portugal in order to stabilize the democratization and modernization process following the end of the dictatorships in the three countries. Similarly, the European Union is employing like means in its efforts to stabilize the situation in central and eastern Europe as well as the Mediterranean region. In the past, it skillfully employed the Global Mediterranean Policy (GMP) to bind all the countries of the region (except Libya and Albania which refused a formal accord with the Community) in a relationship to it, though this did not always turn out to be a happy one, especially from the late seventies onwards when the Community applied protectionist measures against the MNCs on textile and clothing goods. However, the instruments of the GMP to tackle the present problems which the EU faces in the Mediterranean region are inadequate both because these challenges demand both political and economic initiatives,

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<sup>2</sup> Lorenzo Natali, EC Commissioner "*We must question whether the Community could survive a serious disturbance in the Mediterranean region...*", quoted in the European File Series, No 19/82 (1982). This assertion has been repeated in many policy declarations, including Conclusions of the Presidency of the EU which are too numerous to list here.

not merely economic statecraft, and because in the post-Maastricht setting, when the EU is supposed to be developing a *Common Foreign and Security Policy* (CFSP) it cannot limit itself to GMP methods, while efficiency of its policies have to be judged against the exploited and unexploited potential of the Maastricht Treaty. In the past, the EC had tried to remedy its obvious lack of a foreign policy by creating the European Political Cooperation (EPC). However, an EC foreign policy never came into being. Europe found itself divided on many key issues not least among these those related to the Mediterranean region. The EC's response to the Middle East war of 1967 and then to the first oil crisis in 1974 brought in focus the divisions among European states. Subsequently, hopelessly unable to give substance to many of its policies, Europe limited itself to a *declarative* foreign policy largely based on issuing statements, many of which were exceptional in their content and foresight, notwithstanding that at times they met with incredulous criticism from the United States.<sup>3</sup> During the cold war, Europe played second fiddle to the superpowers in the maintenance of the military balance of power in the region and was virtually absent in the most important of the Mediterranean crises, notably the Middle East problem. Lastly, in the absence of a European foreign policy, the member states of the EC were left free to conduct their own foreign policies as dictated by their respective national interests with some feeble attempts to coordinate them, lest they face the graver accusation that they were sidetracking the more profound aim of developing EPC. The weakness of EPC was not only exploited by used as an excuse for individual forays. This resulted in a number of premature initiatives in the region all cursed with the seeds of failure from their beginnings. Reference to these initiatives will be made further down.

The new phase in the EU's relations with the Mediterranean countries, launched with the Euro-Mediterranean Partnership started in Barcelona will perhaps put an end to uncoordinated national initiatives and weld the economic and political aspects of Europe's policy in the region more tightly. It has the advantage of making the Union's Mediterranean policy a policy for the whole of the Union and not leave it limited to the Mediterranean member states. However, it is rather still early to start celebrating the success of this policy.

For a start, history testifies to the fact that the attention which the EU has given to the Mediterranean region in the past has been dyslexic, even in times when the Mediterranean region was the only one where the Community could play a role in the external arena. The pattern of the EC's policies towards the region have been historically marked by flurries of intense activities followed by long pauses of inertia as the Community busied itself with internal matters. A period of inertia followed the signing of the first Association agreements with two Mediterranean countries at the start of the sixties and in fact, throughout the eighties to the beginning of the nineties, the EC neglected the Mediterranean region as it busied itself with a number of internal and external problems: internally the completion of the internal market, the Single European Act, the intergovernmental conference which led to the signing of the Maastricht Treaty, the difficult ratification process; externally - the

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<sup>3</sup> The famous **Venice Declaration** on the Middle East adopted by Council in June 1980, [*Bulletin of the European Communities*, No 6, 1980 pages 10-11] was a case in point. It irritated the United States because it was seen to interfere with its Middle East diplomacy as well as Israel because it was seen to favour the Arab World.

completion of the negotiations leading to the second enlargement (Spain and Portugal, 1985), negotiations with the EFTA group for the creation of the *European Economic Area* (EEA), enlargement negotiations with the EFTA group, the Uruguay Round of negotiations and finally after 1989 the situation in Central and Eastern Europe. It was in response to growing criticism that the EU was neglecting the Mediterranean region and the need to reintroduce some balance in its external relations that in June 1990, proposals were put forward by the Commission for redirecting the EU's Mediterranean policy. From there onwards it took another five years for the proposal to be developed into the idea of the Euro-Mediterranean Partnership launched last November.

This ambivalence may be explained by the fact that with only five Mediterranean member states (if Portugal is considered as such) the European Union is essentially a northern-central European entity. Of the five Mediterranean states, Spain and Portugal have only recently joined the Community and have been practically engrossed with adjusting to their new situation. France, described by Braudel<sup>4</sup> as having throughout its history mostly identified with central Europe, remains true to form in the contemporary age. Italy, always beset by domestic political problems generally shuns external action. This has been more pronounced since the "end of the first Republic". Greece is interested only in the Aegean and Turkey as we have been shown time and again and has used its EC membership to condition Turkey and more recently to undermine Macedonia, with little time to spare for more comprehensive ideas on the Mediterranean region as a whole. The enlargement of the EU to include Malta and Cyprus will provide the Union with mixed blessings: Cyprus will reinforce Greece's policy - thus giving a negative contribution to the development of the CFSP; Malta will presumably follow a policy more consistent with the overall interests of the EU in the Mediterranean - thus giving a positive contribution to the development of the Mediterranean policy.

The Mediterranean member states of the EU, now have the opportunity to change old habits. Euro-Mediterranean leaders meeting in Barcelona agreed to establish a comprehensive partnership among all the states of the littoral, based on an ongoing dialogue. Three main pillars were singled out for the realization of these plans: the establishment of a common area of peace and security; creating an area of shared prosperity; and developing human resources, promoting understanding between cultures and exchanges between civil societies. The Barcelona Declaration is thus a manifesto of good intentions for the Mediterranean region. The frequent use of the word 'dialogue' elicits sentiments of *deja vu* and reminds one that this is after all a continuation of the

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<sup>4</sup>Braudel Fernand, "**The Identity of France**", Volume II, Fontana Press, page "*Since the time of Caesar, and well before, up to the great barbarian invasions in the fifth century, the history of France was a fragment of Mediterranean history. The events which happened around the middle sea, even if they happened a long way from the shores of France, determined the country's life. But, after the invasions, leaving aside the exceptions like the belated wars for the domination of Italy, France identified with, above all, Central and Eastern Europe*"

Euro-Arab Dialogue began with much fanfare in 1975<sup>5</sup> over the heads of the Americans worried that it would inject too much noise in Kissinger's Middle East diplomacy model or that it would decouple Europe from the United States and split the western camp. That 'dialogue' of the deaf, as it turned out, led to few tangible results as the Europeans struggled to secure guarantees of uninterrupted oil supplies at reasonable prices while the Arab side tried in vain to promote the Palestinian question. When world markets pushed oil prices down, the 'dialogue' lost much of its luster for the European side while the divisions in the Arab world following the *Camp David* accords weakened the interest of the other counterpart as well. The process became another sad chapter in the history of Euro-Mediterranean relations. It underlined the fact that the two sides had ignored *realpolitik* and had opted instead for vague idealistic designs. Had they adhered to the Cairo Joint Memorandum<sup>6</sup> both sides would have achieved more lasting results.

Before Barcelona, when it had already finalized its not so "grand design" for the Mediterranean region, the European Union decided to underwrite the effort with a not so generous, but certainly not negligible sum of ECU 4.7 billion to be disbursed over a period of five years (1995-99) in aid to the Non-Member Mediterranean countries (MNCs).<sup>7</sup> Originally the Commission had proposed a total aid programme of ECUs 5.5 billion in addition to European Investment Bank (EIB) resources.<sup>8</sup> This financial aid package is simply a continuation of the tradition of financial aid started with the beginning of the so called 'Global Mediterranean Policy' (GMP) in the mid-seventies. Not oblivious to the

<sup>5</sup> The Cairo Joint Memorandum of June 1975 which began the Euro-Arab Dialogue is a much shorter document than the Barcelona Declaration. However the underlying philosophy is the same.

<sup>6</sup> In the Cairo Joint Memorandum it was stated by both sides that the Euro-Arab Dialogue should be : "(i) based on equality between partners; (ii) based on their mutual interest; (iii) a complement to the cooperation that already exists between the European Community and certain members of the Arab League." from "The European Community and The Arab World", Europe Information Development, Commission of the EC, DE 38/1982.

<sup>7</sup> For example to get an idea of the extent of the EC's aid to the Mediterranean non-Member countries, a comparison must be made between the EC aid to its own backward regions as part of the "structural funds" and the aid it is promising to extend to the MNCs. Ireland, Greece and Portugal with a combined population of less than 25 million have signed Community Financing Agreements providing for an expenditure of 20 billion ECUs in each country - a total of 60 billion ECUs - over the period 1993-99 as structural action. The bulk of this financing will come from the structural funds in the form of transfer payments from the Community's own resources. By contrast the aid offered to the Mediterranean countries with a combined population of over 200 million is a mere 4.7 billion ECUs

<sup>8</sup> See the Communication from the Commission to the Council and the European Parliament, "Strengthening the Mediterranean Policy of the European Union: Establishing a Euro-Mediterranean Partnership" Com (94) 427 final of 19.10.1994: "Against this background, the Commission considers that in order to implement the wide range of policies invoked above, an indicative figure of around 5,500 MECU of budgetary resources for the period 1995-99 will be required for all Mediterranean non-member countries (not including Albania and ex-Yugoslavia). This would be in addition to increased lending from the EIB and other international financial institutions, bilateral aid from the Member states..." (point 24.6, page 15)

accusations that this sum was inadequate<sup>9</sup> and that it did not add to as much as the EU was spending on central and eastern Europe, and noting that Europe's declared aim to maintain a balance in its relations with all its neighbours, the EU finally threw in the sop that this fund will be augmented by unspecified financial assistance from the European Investment Bank (EIB) and from bilateral aid agreements.

The question of financial aid to the MNCs is linked to the issue of whether a sound case for it can be put forward. The matter is somewhat complex. During the decade from the mid-seventies to the mid-eighties, while increased wealth flowed to the oil producers and non-oil countries benefited from increased trade in goods and services (e.g. earnings from workers' remittances) with them or loans on very favourable terms, the negative effects of bad economic policies of extensive state intervention, subsidies, import substitution policies, capital controls, extensive bureaucracy etc could be hidden under the flow of petrodollars. Significantly among the MNCs five countries, all with a negligible or no dependence on the oil economy and which followed an open economic policy or launched one during the period<sup>10</sup>, have some of the more resilient economies at present in the region. Soon after the world price of oil started declining and revenues dried up significantly the fissures began to appear and many MNCs were left perched on a high foreign debt mountain. In the midst of this crisis the MNCs, prodded by the IMF and World Bank, were converted to the virtues of economic reform. Did they in fact have a choice? The restructuring thus started under significantly adverse economic conditions, compounded in some instances by a severe debt problem and rapid population growth.

It is within this context that the poor financial package offered by the EU should be discussed. One thing is certain that the Union cannot take on the challenges of transformation occurring in central and eastern Europe and the Mediterranean simultaneously without overhauling its finances and without ditching the wasteful Common Agricultural Policy (CAP). The relevant question is whether Europe should increase its aid package to a region (the Mediterranean) which had enjoyed a decade of surplus wealth but was unable to transform it into more lasting economic development? The answer seems to be linked to the fact that the contextual frameworks are different. The former situation, when the MNCs failed to take advantage of the wind which blew in their sails is a missed opportunity. The present situation is however one in which the MNCs are reforming their economies and significant financial flows to such economies in transition could help them overcome the unpopular adjustment costs and enhance their internal social and political stability. Previously, enough petrodollars existed in the region to help MNC governments maintain stability. Now they can no longer do it and uncontrolled instability can slipover into the Community itself. The EC is not oblivious to the need of supporting reform. In the Euro-Mediterranean Partnership Agreements initialled between the EC and

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<sup>9</sup> The amount made available to the countries of Central and Eastern Europe over the same period is ECUs 6.7 billion. A straight comparison is however misleading.

<sup>10</sup> Israel, Tunisia, Cyprus and Malta were constrained to follow such policies due to their small domestic markets which made import substitution policies generally unworkable. Egypt commenced its *open door* policy in 1973. Morocco and Turkey, also non-oil producers practiced *rife* protectionism.

Tunisia<sup>11</sup>, Morocco<sup>12</sup> and Israel<sup>13</sup> the priorities established for financial aid are to help the MNCs cope with reforms. The main questions remain whether the aid is sufficient and whether enough attention has been given to the time factor and cultural constraints. There is always a time lag between the proposed economic restructuring and the benefits that would accrue from such initiatives. The second, ie cultural constraints is related to the fact that it may be axiomatically difficult to transfer the values of liberalization, essentially of advanced societies in countries which culturally may still be unprepared for modernization at such speed. Clearly the economic decision-making cannot be divorced from the political.

While falling short of fully underwriting the reforms in the Mediterranean non-member countries with more generous financial aid, Europe has not shown itself sympathetic to the political leeway which the MNCs should be allowed to manage change either. Europe insisted that as part of the Euro-Med Partnership, the MNCs must gradually develop democracy and respect for human rights. Insistence on these western values is positive, but not unproblematic. Europe must stand up for the respect of human rights. However, transformation of the present regimes into democratic ones may, if it is allowed to happen before the economic reforms have been given the chance to bear their fruits, lead to the transfer of power from governments which are not democratic (according to Western yardsticks) to governments which actually do not believe in the Western notion of democracy (the case of Algeria is instructive). The adverse implications for Europe of such a development need not be spelled out. Perhaps the aberration in this case is the non-truth that the development of market economies and democratic principles need move hand in hand. On the other hand the maintenance of authoritarian rule in some MNCs may be needed to see the reforms through, once other means such as increased financial aid are unavailable to underwrite the process. Once market economies have bloomed, democracy may come charging in its trail. Is this not the path which some newly industrializing countries in Asia have followed ? Is this not the trend that may, in the opinion of some crystal ball gazers, see the last of the communists in China eventually swept away ? Democracy may not be a feasible project in all countries in the Mediterranean in the medium term. Respect for human rights short of full democratic rights may be a more workable solution.

Turning once more to the economic impact of the Free Trade Area, so far reference has been made to the long-term benefits and short-run costs. It is worth outlining what these costs and benefits are. Some restructuring has already occurred in the MNCs to varying degrees. The liberalization process, which will be accelerated by the free trade area should lead to the reallocation of economic resources and help the MNCs shift these towards those

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<sup>11</sup>Agreement initialled between the EC and Tunisia on April 12th, 1995, Com (95) 235 final of 31.05.1995;

<sup>12</sup>Agreement initialled between the EC and Morocco on November 15th, 1995, Com(95) 740 final of 20.12..1995;

<sup>13</sup>Agreement signed between the EC and Israel on November 20th, 1995, Com(95) 618 final of 29.11.1995;



increase. Foreign Direct Investment (FDI) may be stimulated. But political instability, bureaucratic bottlenecks might bring around a lower level of FDI than expected. Openness may also lead to disinvestment in the sense of firms presently situated in the MNCs relocating to Europe, once they will still be free to export to the MNCs. The latter phenomenon may not be as large as to cause worries. But watchout for perceptions on political stability in the MNCs. Lastly it is worth noting that many MNCs have already achieved the most they could have achieved given their present economies, in their exports to the EC and the new Euro-Mediterranean Partnership agreements do not offer substantial improvements in this regard. On the other hand, the EU stands to gain more from trade liberalization both in the short-run as well as in the long-run.

Many MNCs are already shifting their tax system from reliance on import tariffs to consumption taxes (such as the introduction of VAT). An overhaul of the fiscal system is required in the MNCs to setup a new fiscal balance between revenue and expenditure. Liberalization may also cause persistent balance of payments difficulties as people disave and spend more on consumption. In case of acute balance of payments difficulties the EU has promised that it will help the MNCs to overcome such difficulties in consultation with the International Monetary Fund (IMF). All in all, the MNCs will have to take a gradualist approach in liberalization while at the same time accelerating measures to improve the economic infrastructure, develop human resources and industrial restructuring.

The state of economic health of the Mediterranean countries is such that caution must be advised in approaching reforms. Consider that according to World Bank's classification, in 1994-95, Jordan, Morocco and Syria were designated as severely indebted countries, while Albania, Egypt, Algeria, Greece, Tunisia, Turkey and the ex-Yugoslav republics were moderately indebted countries.<sup>14</sup> Unemployment is another concern, reflecting the fact that economic expansion has been unable to keep up with the expansion in the labor force due to demographic changes<sup>15</sup>. Rates of economic growth have to be increased massively if these countries are to provide enough job opportunities to keep up with demographic changes. During periods of economic restructuring, economies might do exactly the opposite of what is needed of them and shed jobs rather than create new ones.

In the abstract, the creation of a Euro-Mediterranean Free Trade Area (FTA) will in the longer-run reap benefits for all the people in the region thus helping to strengthen economic development, social cohesion and internal stability in most countries. It will also reap benefits for the EU which itself will be able to increase its exports to the region. However, the limited content which the Euro-Mediterranean free trade area has been given may yet rob it of its major economic impact. For instance it is detrimental that agricultural trade has been left out and the free movement of labour, at least after a transitional phase, is similarly excluded. In the past, as transpired during the setting up of the Global Mediterranean Policy and during the negotiations with the MNCs preceding the second

<sup>14</sup> World Debt tables, 1994-95, the World Bank

<sup>15</sup> Some of the latest available official unemployment figures published by the World Bank are: Algeria - 25%, Tunisia - 15%, Morocco - +20%, Jordan 15-18%; Egypt - 15-20%; Israel - 7.5%;

may yet rob it of its major economic impact. For instance it is detrimental that agricultural trade has been left out and the free movement of labour, at least after a transitional phase, is similarly excluded. In the past, as transpired during the setting up of the Global Mediterranean Policy and during the negotiations with the MNCs preceding the second enlargement, further concessions to the MNCs on agricultural exports were welcomed by northern EC member states and resisted primarily by the EU Mediterranean member states. The evidence is clear that although some concessions on agricultural trade were conceded by the Community as is amply shown in the first three Euro-Mediterranean Partnership agreements concluded so far, the issue of further trade liberalization in this sector was postponed for after the year 2000. For the MNCs, the weaker side in the bargaining which has taken place, half a loaf may be better than no bread. However, objectively considered the EC has again shown its meanness in a sector where it could greatly help the MNCs without having to dip deeper in its coffers, something which it (the EC) is extremely reluctant to do. By its actions the EC is further retarding economic progress in the MNCs.

One more important query that need be answered concerns the seriousness with which the EC is pursuing the Euro-Mediterranean free trade area. How much hope should we allow to glow in our hearts that the EC is keen on realizing the Euro-Mediterranean free trade area? This time the Community appears dead serious. Historically, the creation of a free trade area was the aim of the Global Mediterranean Policy, but alas three full decades into that policy it has never come to pass, of course through no fault of the Community. The main difficulty, though even in this case it is not completely unproblematic, is not the liberalization of north-south trade, but the liberalization of south-south trade and the free movement of factors. Not even the concession of *cumulative rules of origin* granted to the Maghreb countries in the bilateral trading agreements signed with the EC since 1978 was enough to make these states forge closer economic links between them. The Arab Maghreb Union, which blows hot or cold depending on the situation in the region, has fallen short of expectations, despite its rational underpinnings. In the absence of resolve among the MNCs or of the conditions which will lead to the realization of the free trade on a south-south basis, the European Union could possibly fill the gap by maintaining a leadership role and ensuring the continuation of the momentum. Yet on past experience, the EU is prone to retreat from Mediterranean initiatives into long periods of neglect when it busies itself with internal affairs. For the future, the EU's "internal" agenda (the IGC, EMU etc) appears full. Externally its priority is enlargement to include the countries of central and eastern Europe and not its relations with the Mediterranean countries.

One important consideration is that although, apart from what has already been discussed so far, none of the EU world trading rivals are prepared to mount the kind of policy for the Mediterranean region which the EC has setup, the region is not impervious to non-EU challenges such as those coming from lower cost producers in Asia. The EU has every interest to consolidate its position in the Mediterranean region. Then the EU's motivations for the creation of the Euro-Mediterranean Free Trade area are not simply altruistic. The FTA was not sought after by the MNCs which were happy with unilateral concessions and would have preferred to widen their benefits while they carry on with economic restructuring and gradual trade liberalization. World Trade Organization (WTO) rules

established by the Uruguay Round entail that preferential trading arrangements (PTAs) which the EU has with the MNCs are legal only if they are eventually transformed into a free trade area within a reasonable time of around a decade, though this is not specified. PTAs have always militated against GATT's corner stone, the Most Favoured Nation (MFN) clause but were tolerated on the grounds that the asymmetry which they introduced between trading partners, whereby the developed countries granted preferences to developing countries without requiring them to match these concessions by equal and reverse preferences, favoured the developing countries. Yesterday's dogma is today's untruth and there are abundant economic arguments to show that this should no longer be blindly accepted. Following the Uruguay Round, interim agreements leading to the formation of a free trade area or a customs union are no longer free from a time constraint and they have now to be achieved over an agreed time frame accepted by the WTO<sup>16</sup>. Hence the urgency of the EU to establish a time frame of 12 years to achieve its free trade area agreements with the MNCs.

When due consideration is made of the WTO pressures and the fact that the EC for its own interests is intent on achieving the free trade area, it will appear that significant progress will be made on north-south trade liberalization, while south-south liberalization which may be of greater economic importance to the MNCs may take much longer. In sum, the difficulties in concluding the FTA are many: primarily there are three time factor problems, ie the length of time it is going to take to negotiate the myriad of accords to establish the free trade area., the constraint that the EC-MNC FTA will have to be established over a period of twelve years and last but not least that this twelve year period which may be short for the purposes of economic transformation with palatable side-effects may be too long for the political changes in the region which might turn in a way as to eventually overturn the whole process. Ironically, the longer the time frame, the bigger the danger that the process would stall due to a worsening of the political situation in the region.

There are however other difficulties: tariff dismantling and the *three freedoms*<sup>17</sup> will not bring about the FTA unless trans-Mediterranean communications and transport networks are also established. The *Barcelona Declaration* makes ample reference to this. Achieving the networks will require a sustained investment effort. A large amount of learning how to conduct south-south trade is required for the dominant trend is still the one established during the colonial era on a north-south axis. This will require a substantial amount of transfer of know-how from Europe to the south.

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<sup>16</sup> Refer to the "UNDERSTANDING ON THE INTERPRETATION OF ARTICLE XXIV OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE 1994" in the Final Act of the Uruguay Round of Multilateral Trade negotiations.

<sup>17</sup> Observe that in concluding the European Economic Area with the EFTA countries the EC strove to achieve the so called four freedoms of labour, capital, services and goods. In the case of the countries of central and eastern Europe, the EC made generous concessions to them in freedom of movement of labour when it signed the **Europe Agreements**. In the case of the Mediterranean non-member countries, freedom of movement of labour has been excluded.

In practical terms the eventual achievement of the Euro-Mediterranean free trade area will depend in the first instance on the successful upgrading of the EU's present trading agreements with the MNCs, a process which has already started. Cyprus and Turkey have a customs union in place and in any case Cyprus and Malta will join the Union in about two years. New FTA agreements have been initialed with Tunisia, Israel and Morocco, while negotiations carry on with the rest. As for trade liberalization and the four freedoms on a south-south basis is concerned what may be easier is a round of multilateral trade negotiations between all the states of the region very much on traditional GATT pattern (or the EU-EFTA negotiations for the EEA) with a priorly agreed time-frame for the conclusion of the agreement, and which will set out a working plan for the next twelve years .

Turning to the political aspect of the Euro-Mediterranean relationship, the first priority for Europe is to resolve clearly in its mind the tension between democracy and economic progress, both of which have been singled out as contributing to security and stability in the region. The argument is that the successful launching of the FTA is essential for increasing the momentum of economic growth in the region and for achieving greater prosperity. Prosperity lessens social tensions and provides the conditions for internal stability and in turn makes possible the full democratization of societies. Democratization of states lessens the chances of war, or external conflict though it does not remove the threat completely. It must not be assumed that fully fledged democracies do not go to war<sup>18</sup> or that the present conflict situations in the Mediterranean are all the result of the absence of democracy. Such mental leaps can lead to catastrophic policies. An analogous leap is to say that the end of superpower confrontation in the Mediterranean region has produced the conditions for ending the conflicts. Indeed, the end of the cold war may have had beneficial effects on the Middle East but may for example have removed one of the strongest restraining influences on such historical rivals as Greece and Turkey. The fall of communism may have deprived the radical states in the region of the moral and material support of the USSR but new challenges have arisen from international terrorism supported very often from a number of far flung countries outside the region may not be . The dissolution of the Soviet Union, may have facilitated the proliferation of weapons, know-how and material for the construction of weapons of mass destruction. Indeed, there is no end of history in sight in the Mediterranean region.

Resort to Collective security arrangements are a tempting proposition but inherently flawed. Equally dangerous may be European institutional prototypes grafted onto the region such as the proposed Conference on Security and Cooperation in the Mediterranean (CSCM), the Mediterranean Forum or the Council of the Mediterranean which create opportunities for parliamentarians but are so broadly aimed that they loose momentum. To borrow Bismarck's dictum from a completely different historical context, *"the great questions of the day will not be decided by speeches and the resolutions of*

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<sup>18</sup>See for example the ideas advanced by Raymond Cohen (and the polemic which followed in subsequent issues) in **"Pacific Unions: A Reappraisal of the Theory that Democracies do not go to War With Each Other"** in *The Review of International Studies*, Volume 20, No 3, July 1994;

*majorities*" but by actions which are more lasting. The institutions mentioned above may become useful only when the urgent problems of economic reform have been performed and democratic government has become the norm. Unluckily for us, such institutions in the present conjecture may be instrumental in creating a fictitious sense of security, falling short of providing real security, and prolonging or stopping the search for a real cure.

What may be a more workable solution will be one in which Europe will work actively with the main countries of the region in terms of territorial size, population and military strength and in respect of two or three of the most threatening issues in the region such as international terrorism, proliferation of the weapons of mass destruction and disarmament. The aim would be that lasting, verifiable and enforceable agreements are achieved. Once a critical mass is thus achieved in the region, other areas could then be tackled.

## Conclusion

The problems of the Mediterranean region are many but not incurable. This paper has concentrated on the main difficulties in achieving the Euro-Mediterranean Partnership as I see them. The Partnership will succeed if the variables discussed in this paper, or the majority of them are constantly kept in the forefront. One thing is certain, there is a role for every country in the region to play. The EU, the richest and most powerful entity in the region must keep the momentum going constantly. The Barcelona Conference does not make the Euro-Med Partnership. The EU must take the lead in this, as it must assume the responsibility of giving the MNCs more market access, especially by opening more its markets to Mediterranean agricultural products. Economic reform in the MNCs must take priority but this will be successful only if it moves forward with a velocity which would allow the national authorities to deal adequately with its negative side effects. The EU can do a lot to help this process forward primarily by reforming its own financial resources with a view to providing more finance to underwrite the reform processes. The time factor is enigmatic: the longer the problems are left untackled, the worse they grow. Too fast a reforming move forward may create negative repercussions which may arrest the process. The more time passes, the greater the possibility that the political setting will become hostile to further reforms before the project has been successfully concluded. Political and economic questions are deeply intertwined and the EU cannot hope to execute its role satisfactorily by limiting itself to the traditional tools of the GMP, namely economic statecraft or to those of EPC, namely a declarative foreign policy. The principal role of the MNCs will consist in maintaining the reforms at home, opening up with vigour to south-south economic integration and moving their societies further along the path of democracy and human rights without endangering the whole process. Lastly, the Euro-Mediterranean Partnership cannot be considered as a costless project. In the short run, the MNCs must bear the burdens of transformation while the EU must bear the costs of financing it. In the longer-run, both sides stand to gain more.

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6

**THE FOLLOW-UP OF THE SECURITY ASPECTS OF THE**  
**BARCELONA DECLARATION**  
**WITH REGARD TO OTHER INITIATIVES IN THE AREA**

The recent changes in the international scene, among which the disappearance of the east-west confrontation and the progress achieved by the middle-eastern peace process, have contributed to reduce the dramatic impact of events in the region, favouring the proliferation of cooperation initiatives, unthinkable in the past, between the main political actors.

On the other side, we have witnessed a series of destabilising phenomena, giving a new dimension to security in the area, thus justifying the action of the main international organisations, which have each developed a Mediterranean volet. The main result on the operational level has been the increasing recourse to the multilateral instrument as a means of solving the problems of the area, including those concerning the middle-eastern peace process.

The new multilateralism, after the freezing of previous experiences, among which we can mention the CSCM Project and the 5+5 dialogue, limited however to the western part of the basin, has been heralded by an initiative aimed at contributing only indirectly to the peace and stability in the area, that is the Mediterranean Forum agreed in Alexandria in July 1994, to which Malta joined as eleventh member a few months later. While not having achieved specific results so far in the security field, this informal gathering deserves nevertheless an autonomous profile as the only instance so far existing between riparians.

Other fora, as NATO, WEU, OSCE, only to mention the main ones, have set-up forms of dialogue with Mediterranean partners of the southern rim, focusing on security and military matters. In some cases the exchange of information is pursued only on the political level, as in NATO, in others it is institutionalised, with the participation of experts. While aiming at defining possible common perceptions on the challenges to stability and security in the area, the practice has shown a different approach to security problems between the Maghreb countries on one side, who tend to underline the economical and social aspects (as well as terrorism, drug trafficking and pollution) and Egypt on the other, who seems more inclined to



consider the military ones, suggesting even forms of consultation and cooperation in this specific field. In this context an interest has been shown for example for the activities of the new EUROFOR and EUROMARFOR units and their operational tasks. Early warning and common training of personnel involved in peace operations have been suggested in WEU as possible areas of interest by Italy. Out of the area humanitarian and peace-keeping tasks of the Petersberg type have been also suggested in the new framework while the active participation of Egyptian, Moroccan and Jordanian contingents in ex-Yugoslavia have created a new climate in the NATO dialogue with these countries.

A new element has been introduced in both organisations, with the participation of Israel, whose specific perceptions contribute to a trilateral polarisation of discussions. In this framework the multilateralisation of meetings, to include in the same time two or more dialogue partners has been envisaged, for example in WEU, though considered premature. An interesting alternative has been suggested by the WEU Institute of Security Studies with collective briefings on some issues prior to meetings to be held as before with each of the Mediterranean dialogue partners.

The approach favoured by Italy in these forms of dialogue, who call indeed for a rationalisation through liaison groups in order to avoid duplication, is flexibility as far as contents are concerned, in order to include all issues of common interest, or regarding the sphere of participants, with the possibility for new Mediterranean partners to join (Algeria for example is not part of the NATO dialogue). At the same time we stress the evolutionary nature of the exercise, specially in the case of NATO, allowing for a further step towards a more comprehensive dialogue.

In this context I wish to recall the idea expressed by the Italian Minister of Defence Corcione in Williamsburg, suggesting the model of partnership for peace - politically but not legally binding - for some Mediterranean countries. An important aspect to consider is the transatlantic dimension of a similar initiative, specially considering new trends, promoted specially by France, towards an European caucus within the Alliance. On the other side the picture needs to be adjusted according to developments concerning the nature and evolution of the organic link between NATO and WEU, to be further clarified by the next Intergovernmental Conference opening in Turin at the end of this month.

While a Mediterranean dimension has existed in CSCE since its foundation, the dialogue with non participant Mediterranean countries (the name has been recently changed into Mediterranean partners) has been further articulated, on the initiative of Italy, during the Budapest Summit. On that occasion special priority was given to security matters, by using some elements of the by then OSCE model also for the Mediterranean considered as a whole.

Apart from recent changes, like holding a ministerial level conference twice yearly and the creation of a contact group in Vienna, an interesting Seminar on confidence and security building measures was held last year in Cairo. Among its results the idea of a common research centre on Mediterranean agreed by Israel and Egypt. According to new trends the relevant security matters are being increasingly dealt with by OSCE instances competent for the Mediterranean in all their aspects, including the socio-economic (migrations, etc.) and, as proposed by Russia, on issues like terrorism, where the competence of the organisation is questionable according to some member states.

For a comprehensive picture of the main initiatives, may I recall the work of the II interparliamentary Conference on security and cooperation in the Mediterranean held in La Valletta at the end of last year, where the idea of creating an Association of Mediterranean states, on the model of the Council of Europe, was presented, requesting the Conference of Barcelona to support it, as was reflected in the final declaration. In the same context we may mention the project of a global initiative, including security, presented on behalf of King Hassan of Morocco at the 1993 CSCE ministerial Conference in Rome. The recognition by the European Council of Essen of the strategic importance of security in the Mediterranean, as a matter of concern for Europe and the world, has lead to the development of the call expressed in Corfu for a global response, taking in account the composite nature of the phenomenon. Besides the risks of arms proliferation, still present in the region, the concept of an indivisible security refers also to political, economical, social and cultural aspects, such as terrorism, organised crime, drug trafficking and illegal emigration.

While previous fora were adopting either a political or a security approach in tackling the problem of destabilising factors in the region, the Euro-Mediterranean

initiative approved in Barcelona is supposed to act for the first time through a combination of both, according to a model to be defined as political security, reflected in the title of the first volet of the final declaration. The security aspects of Barcelona, who appear quite modest as they concern only a few paragraphs of the Declaration, have to be considered in this light, bearing in mind the innovative character of this volet in respect to the others.

In an effort to go further than the models of the past, the initiated process, envisages a shared and common strategy with third Mediterranean countries already linked by economical bilateral agreements with the European Union, to be realised on the basis of the consensus expressed in Barcelona by all the participants on some thorny issues concerning the middle-eastern peace process. In this respect while the initiative was deliberately presented as a separate exercise (differently from the initiatives of Casablanca and Amman), the participation in Barcelona for the first time at the same table of some of the main actors of the peace process can be considered indeed as one of the main achievements of the Conference.

Focusing on the main aspects of the package, we have first a series of general principles concerning internal and external rules, in relation to which appropriate action is expected in some fields (for example information on human rights), issues such as fight against terrorism, organised crime and drug trafficking (pertinent as well to the third volet), requirements concerning limitation of military capability and the specific item of non-proliferation, settled after a thorough negotiation. The final paragraph of the volet invites to consider "any confidence and security-building measures that could be taken between the parties with a view to the creation of an area of peace and stability in the Mediterranean, including the long term possibility of establishing a Euro-Mediterranean pact to that end."

The concept of a pact, based on the proposal initially presented by France of a "stability pact" for the Mediterranean inspired to the model already existing for some central and eastern European countries, has been included, with the support of the British delegation, in the final document approved at the Cannes European Council. The former option suggested by Spain was the definition of a possible "code of conduct". The French idea, after an attempt during the negotiating phase in Brussels, supported by other partners from both sides of the Mediterranean to

revert to a less compulsory formula (the term "charter" used in the Marin document was suggested), was finally accepted, omitting the word "stability". This was possible having all parties agreed on the necessity to conclude the political and security volet with a concrete line of action, stressing nevertheless the necessity of a gradual and flexible approach in the realisation of the project, considered as a point of arrival rather than of departure. Successive discussions on the matter, showed that the future instrument was one of preventive diplomacy (confidence and transparency building measures), in the context of an increasing consultation mechanism among members of the partenariat, rather than of crisis management. The option of providing additional financial support was also mentioned.

In view of the next meeting of Senior Officials responsible for the political and security volet of the Declaration scheduled for next week, it is important to underline how it is the first occasion, after Barcelona, where the 27 parties will meet, as indicated in the Working Programme approved in Barcelona. No particular issue is inscribed in the agenda, taking in account the fact that it is the first meeting of a series intended to prepare proposals for the next meeting of the Ministers of

Foreign Affairs scheduled for April 1977 in one of the 12 third Mediterranean countries (so far Morocco, Tunisia and Malta are candidates).

After an introduction of the Presidency, aimed at giving the general orientations of the debate, the floor will be given to the 12 TMC, who apart from the points of view which they were able to share during the visits of the Troika in the Maghreb countries and in Egypt, have not yet had the opportunity to present concrete proposals for the follow-up of this delicate and innovative aspect of the partenariat. According to reports, the concertation meeting that took place recently in Cairo among the TMC (plus Mauritania, whose Minister of Foreign Affairs was invited in Barcelona), under the chairmanship of the Arab League, gives no clear hint of what will be the priority issues to be raised.

However, according to reports, security aspects will be included in the suggestions to be presented (it is not clear at the moment if Algeria will still act as porteparole for the Arabs as was the case in Barcelona). One of them is probably non-proliferation of weapons of mass destruction, as a clear sign of concern was expressed in Cairo for the fact that control provisions in this field apply only to



Arab countries, whereas the capacity of production lies mainly with another country. Taking into account the existing disparity also in conventional arms the participants have underlined the necessity to reinforce the principle of balanced and reciprocal security in the region. A programme of action was set-up for a coordinated follow-up of the process, to be enhanced also through the organisation in May or June next of a Seminar among the concerned parties.

It will be difficult in this framework to predict in which direction the Senior Officials will proceed, that is in particular if thorny issues raised in Barcelona, concerning mainly the peace process, will be raised again, even if assurances obtained in the course of consultations seem to indicate that a constructive and positive approach will prevail.

On the side of the European Union, bearing in mind the philosophy of the process, the opportunity must be taken to identify in this first stage which are the concrete initiatives on which a consensus can be built (as a point of departure we have indeed the consensus already achieved in Barcelona), in order to tackle in a further stage the steps requiring a greater degree of confidence. From the formal

point of view this supposes that after a first exercise intended to break the ice, as it were, the dialogue can evolve gradually towards a more political consultation among equals.

The security field where such a program can conveniently flourish appears to be the one defined as measures and instruments of preventive diplomacy, stressing the political and both security aspect of the suggestions that may stem from the mutual effort. On the basis of a common definition of the concept of the confidence and security building measures apart from transparency measures also conciliation procedures can be envisaged, for example in the peaceful settlement of disputes, through the nomination of conciliators. An appropriate field of application could also be good neighbourly relations, to be promoted through the said mechanisms. The question of weapons proliferation and compliance with existing agreements can possibly benefit from the climate and could suggest the setting of specific working groups on the matter.

As far as the general approach is concerned there will be no pre-established formulas or models offered from neither side. This applies also for the long term

objective of a possible pact in the area, to be considered as a useful step inscribed in the text of the declaration, to be achieved bearing in mind the criteria of gradualism and flexibility. On the matter a consultation with the TMC aimed at obtaining reactions is currently being undertaken by France, as the main supporter of the idea. In this context I also would like to mention the Maltese proposal of a pact of stability in the area, previously presented, as a useful element to be considered in the framework of the Barcelona process.

As for the composition, the European Union will be present at the Senior Officials meeting by all its 15 members, with a formula differing from the one adopted, in appliance of the Barcelona Declaration, in the case of the "Euro-Mediterranean comity for the follow-up of the Barcelona process", convening in Brussels on the 15-16 April, in the format Troika plus 12.

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The question that arises about the prospects of security in the Mediterranean, after Barcelona as one of the themes of the colloquium (the other one being

cooperation) is the following: considering the common objective of peace and stability in the area through what instruments it may be reached bearing in mind the existing destabilising factors ?

An answer is indeed not easy and neither we pretend to give the magical formula, but may-be a few considerations can be useful to restrict at least the field of our examination.

The need for peace and stability, being taken for granted, for the destabilising factors, I would like to refer to a very useful analysis conducted on that subject by the Institute for Foreign Affairs (IAI), of Prof. Aliboni, whom we have the luck to count as one of the participants of this colloquium. He defines in a recent article on "Mediterranean security after Barcelona" the (I quote) "three main factors (of Mediterranean instability, n.d.r) having a security impact on Europe: the quick demographic reversal that is taking place around the basin between north and south; the slow economic growth and the large unemployment which prevail in southern Mediterranean countries; the political vacuum coming from the inability of poorly legitimised Arab regimes to broaden political participation and consensus and top

religious extremism by integrating political Islam". The question formulated in this respect in the same article is (I quote) "whether the Barcelona agenda fits in the European security expectations, in particular whether it will be able to bring about political stability on the southern shore of the Mediterranean". These are the terms of the problem clearly and concisely enunciated by the author. The solution does not consist he adds in "exporting democracy" ("democracy is not indeed an obvious notion" !) but in strengthening civil societies and replacing cultural confrontation with dialogue. Among other factors contributing to destabilisation, we must recall indeed the non-proliferation issue and items increasingly on the agenda as environment.

In the assessment of the threat to the security of the region country cases cannot be ignored as well. While the conflict in former Yugoslavia represents a permanent source of instability, other situations as the one involving Cyprus or Algeria are to be mentioned, though some progress has been noted in this last country after the elections. Regarding Libya, and its non involvement in the Barcelona process, the possibility stressed in the Declaration that other countries

may join the partenariat leaves in a hopefully near future the door open for Tripoli, whose demand is increasingly supported by other Arab neighbour countries..

Coming to the main issue, that is the definition of the most appropriate instruments contributing to maintain conditions of stability and security in the area, needless to say, they should be included somehow in the framework of the Barcelona process, as the main global instrument at our disposal, with an inevitable attraction effect on all other fora. Concerning the operational follow-up, the key-word in that context seems to be consultation, as a further step in the comprehensive dialogue achieved among the participants and as a prelude to a stage in which the degree of consensus can lead to the adoption of a politically more binding instrument, for example a pact among all parties.

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In view of decisions to be taken by the foreign ministers when they will meet in 1977 in one of the 12 TMC, the present Presidency is ready to undertake the task of approving at the end of its mandate a mid-term review document containing a progress report on the achievements already reached at that stage.

In order to fill the gap represented by the lack in the security aspects of the Euro-Mediterranean initiative of military building measures, as well as to encompass the need of a balance between the European and transatlantic contributions, the proposal presented by Minister Corcione in Williamsburg for a partnership for peace in the Mediterranean could be needed, bearing in mind the differences with the east and central European countries who are candidates to the enlargement in the Alliance. Such an initiative - if duly prepared - could contribute through specific transparency and confidence building measures to a better understanding between north and south, removing prejudice or forms of misunderstanding as the ones fuelled by the hasty declarations of the former Secretary General of NATO. In other words a strategy of gradual openness should replace in the public opinion misperceptions of about a western conspiracy or about the need to preserve an European or Atlantic fortress!

Italy, due to its geostrategic position, is willing to contribute, also through the organisation of a seminar, to the consolidation of a similar perspective, taking also in account the benefits that specific CSBM could produce in terms of the

strengthening of south-south dialogue and integration. The only condition is to avoid the involvement of NATO in out-of-area operations.

A few conditions have however to be fulfilled for any initiative to be concretely valid in the long term: the absence of setbacks in the middle-eastern peace process, the involvement in the search for a solution of a country, like the United States, which is part of the strategic balance of the area, or like Russia whose traditional quest for access to the Mediterranean cannot be simply ignored. Another factor to be considered is the one regarding the French interest in maintaining a certain profile in the region, as proves the recent letter addressed by President Chirac to the Secretary General of the Arab League.

We can easily predict that security in the Mediterranean will stay for a few years on the agenda, if we consider the growing regional interdependency from the strategic point of view. This applies in the Mediterranean not only for countries like Malta or Cyprus who are candidates to the EU membership, but also for all the south mediterraneans. The feeling of a shared common future concerns to-day the nordics who are more interested in the Mediterranean, asking us to reciprocate our

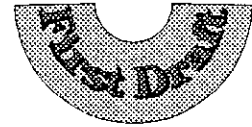


concern for the baltics. The huge free trade area meant to involve Europe, west and east, as well as its southern borders will forge many links among a very numerous population. In the new Euro-Mediterranean enterprise we must be careful to consider cultures, traditions and beliefs of all parties involved, and at the same time ambitious enough to realise in the Mediterranean a space of common ideals.

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**Fulvio ATTINA'**



The new dimension of security:  
Internal security in the Maastricht Treaty, the New Transatlantic  
Agenda and the Barcelona Declaration

*International Colloquium on  
"Cooperation and security in the Mediterranean: Prospects after Barcelona"*

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There was a time the Europeans were considering their security and also their identity dependent on the formation of their own - i.e., without the United States - foreign and security policy. At the present time, this is not true again. Current relations between the governments of the European Union and the United States are hardly the same they were a decade ago. It is not easy to define such relations, but it is clear that European identity and security are not linked today to dissociating European foreign and security policies from the foreign and security policy of the United States. The renewed European endorsement of the United States as the provider of last resort of international security is proof of such a turn. Such an endorsement has been made again in the Bosnian war. In the Balkans, Washington has been put again in the role of security provider of last resort in the international system, with the consent and satisfaction of European governments. According with such a re-orientation of European attitudes, to hurry for foreign and security common policy (FSCP) and its institutionalization is turning out to be of few importance to the Europeans. At the same time, it is admitted almost by all that more co-operation and even a new common policy is needed in another security area: the internal one. Such a new security cooperation has a strong international dimension while the United States are not the provider of last resort in such a dimension.

The "new" dimension of security is not a worry only for the Europeans. It is a problem for all the states of the world which is to be solved with international cooperation. This paper calls attention on the fact that to fight against international crime and improve internal security is a new subject of international cooperation. In particular, it is present in two solemn documents recently signed by the states of the European

Union and by their special partners: the traditional major ally, the United States, and the "new" Mediterranean neighbors. The documents are the New Transatlantic Agenda, signed in Madrid on December 1996, and the Declaration of Barcelona on the Euro-Mediterranean Partnership, which was signed in the Catalan town just few weeks before the other document.

The phrase "*new dimensions of security*" is a common phrase of the current vocabulary of international relations. Researchers and professionals have repeatedly called attention on the multiple dimension of security in today's world. Concepts like societal security, cultural security and environmental security, for instance, are more and more frequently used. In this paper I confine myself to one of the "new dimensions" and analyze the reason why internal security has approached foreign security as an important object of intergovernmental cooperation and as an issue of the global system.

Firstly, the paper deals with the addition of internal security to external security in the agenda of the European Union. It deals with the development of cooperation in justice and internal affairs (JHA) and with the difficult (or failed) development of the FSCP. The second subject of the paper is the nature of EU-US relations and the presence of cooperation on international security in the New Transatlantic Agenda. Thirdly, the paper shortly considers the Declaration of Barcelona and the presence of cooperation on internal security also in this document. The argument of the paper is that the same causes are at the origin of this "new" security dimension and its inscription in major diplomatic documents of these days.

### **The EPC/FSCP**

In the first fifteen years of its existence, cooperation in foreign policy got organizational, institutional and also political results more than it has been getting from Maastricht up to now. Institutional and political results obtained in the period going from the 1969 Summit in The Hague to the signature of the Single European Act in 1985 have not been all exciting but at least some of them have been important.

If to carry out the *communitarization* of foreign policy means to walk from 0 to 100, in the early fifteen years *communitarization* walked down only from 0 to 10 but in the following period it walked less than that. In the first period of cooperation, committees and working groups were brought into existence; important declarations were issued (as the famous Declaration on European Identity); cooperation was set out

on at the United Nations; joint actions were successfully conducted. Finally, in 1986 the Secretariat of the Political Cooperation was created, but in 1992 the Maastricht Treaty canceled it out (See: Allen, Rummel and Wessels, 1982; Longo, 1995; Schouteete, 1980).

Dates are important. At the time of the signing of the SEA, in 1985, the short Gorbachev era was on start and the Soviet Union on trouble, but the Europeans did not realize they had gotten out of the so-called Second cold war (See: Kaldor, 1990). At the time of Maastricht, in 1992, the Gorbachev era was down as well as the Soviet Union was.

What of importance took place in the world at that time for Europe and the common foreign policy? The answer is that the world went through two changes and, because of these, Community cooperation in foreign policy lost its former nature and, at least till now, its principal *raison d'être*. In present times, the foreign policy of any state, not only EU common foreign policy, is in a state of crisis. To reason about foreign policy may sound even obsolete today, perhaps a little meaningless. Foreign policy is something very different now from what it was yeasterdays. Therefore, I will incidentally say that it is hard to be astonished because the IGC is not predicted to make progress - neither small progress - in this sector.

As said, the world changed twice in the last years. First change, the Soviet Union disappeared and, with her, a lot of stuff like the cold war, bipolar international politics, and so on (See, for instance: Haftendorn and Tuschoff, 1993; Lellouche, 1992). Also a given Atlantic politics and a typical American foreign policy disappeared. Atlantic politics as the politics of opposition of the western (capitalist) world and the communist block dissolved. The American foreign policy of forwarding American hegemony in the international system against the rivalry of the Soviet government also broke up.

What is there instead of Atlantic politics? The answer is: trans-Atlantic politics which is in process of definition since the first Transatlantic Declaration was signed in November 1990. What is there instead of the old American foreign policy of "hegemony with rivalry" with the Soviet Union? The answer is: the new American policy of "hegemony without rivalry", which also is in process of definition.

Does this change mean something to the foreign policy of the European Union? Obviously, yes. It means a lot. However, it is better to clear the ground from an

ambiguity. Western European integration was intimately linked, by someone, to the east-west divide of the international system. Accordingly, integration was considered chiefly as a stuff (cooked on the two sides of the Atlantic) to rescue Europe from the chance of falling into communism and under the control of the Soviet Union. Such an interpretation is to be rejected as a reductive definition of the causes and evolution of the European integration process. However, in this occasion I concentrate on the factors influencing the evolution of the cooperation in foreign policy rather than on the causes of the integration process in general.

The point is that the anti-American "push" to the common foreign policy has been much stronger than the anti-Soviet "push". The anti-American "push" has been commonly interpreted as merely of an economic nature. This is a partial vision of the reality. Custom, economic and, nowadays, monetary integration is and always has been strongly incited in Europe by the need to counter American strength in world economy. There is no doubt that integration is for the Europeans the condition for prevailing in industrial and monetary competition on the Americans and, obviously, also on the Japanese (See: Bourrinet, 1987; Khaler, 1995; Schwok, 1991). Since the *defi americain* of the early 1960s, nobody has been disputing this. The fact is that such an argument fits also in with cooperation in the field of foreign and security policy. Indeed, in the 1970s and early 1980s, the European cooperation in foreign policy got a decisive push from the anti-American claims of many social, political and even governmental actors in Europe. It would be sufficient to recall the Declaration on European Identity, issued in 1973 by the EC foreign affairs ministries, and the anger of Kissinger at it. This early, and even premature, result of the anti-American looming of the EPC is a good proof of the fact that EPC was fueled mostly by the aspiration of the European governments to dissociate from the American foreign policy of the time. Let us mention the principle examples of this dissociating aspiration:

- Dissociation from the ending war in Vietnam by opposing it with declarations such as the mentioned one on European identity.
- Dissociation from the American Middle-East and oil policies by presenting the Euro-Arab dialogue as the alternative to the Washington diplomacy of confrontation with the oil producing and exporting countries.

- Dissociation from the European security policy outlined by the Pentagon by opposing to that policy the *ostpolitik* and the Helsinki process.
- Dissociation from the invasion of Grenada, the embargo to Nicaragua and the Latin-American policy of the Reagan Administration by opposing initiatives like the San José conference explicitly aimed at creating ties, never existed before, between Europe and Central America.
- Dissociation from the Washington proclaimed boycotting of the Siberian pipeline and the Moscow Olympic Games. by mere disobedience.
- Dissociation from the hard anti-Soviet stance wanted by the United States in the CSCE follow-up conferences by “shop-windowing” fair coordination among the diplomats of the EC countries in all the meetings of the Helsinki process.

It may be objected that the list of the anti-American declarations and actions may be neared by a similar list of anti-Soviet positions. But this objection is not decisive. The fact is that, when the EPC venture started, the European governments already had appropriate diplomatic and strategic institutions - the Atlantic Pact and NATO - to neutralize Soviet threat to their security. They did not enter into the EPC process neither to substitute those institutions as inefficient instruments of defence against the Soviet enemy nor to supplement them with other instruments. At that time, the anti-Soviet stance of the European governments was almost the same as the anti-Soviet stance of the American government. In other words, the “value added” by the EPC to the foreign policies of the European countries was not anti-Sovietism; rather, it was the dissociation from important aspects of the American foreign policy.

Briefly, in the 1970s and 1980s, the European governments were considering advantageous to loosen and strongly reduce ties with the American turned-uneasy ally. In the 1990s, the ally is turning to be again an easy ally (See: Peterson and Ward, 1995). Accordingly, cooperation in foreign and security policy turns to be uneasy. Always inherently difficult, today such a cooperation turns to be more difficult than ever because it is largely purposeless in the international security area.

In 1991 foreign policy cooperation lost its *raison d'être* because the end of the Soviet Union removed almost all the reasons for dissociating European diplomacy from important aspects of American diplomacy and strategy. In fact, even during the Gorbachev era - when the EU states invented the common defence policy with the Single

European Act - and later - when they invented the common security policy with the Treaty of European Union - effective progress toward the reorganization of the Western European Union (WEU) has been small.

The dissolution of the Warsaw Pact put anxiety and fear upon the Europeans and pushed them to scamper to remedies and make plans on what they had never been able to accomplish (i.e., the creation of common defence structures). It forced them to consider feasible to take upon themselves the burden of greater military expenses, with the benevolent sight of the Washington government. But, it is known that American economy was overheated at that time; therefore, to lessen the number and size of the American military bases in Europe and slim NATO were decisions to be taken also in the interest of the United States (See: Attinà, 1993 b; Hyde-Price, 1991; Mcardle Kelleher, 1993; Smith, 1993).

After a short time, however, the problem of security in Central and Eastern Europe revealed not to be so big to create immediatly new structures for common defence. After all, the Central and East European states as well as the post-Soviet states (C.I.S.) had enough domestic problems to cope with to have time to ignite international violence unless domestic problems turned in violence, and domestic violence turned in international war (See: Barbè, 1995; Brailard, 1995). The Balkans fitted into this contingency but, before turning to this case we have to come back to the changes of the world and pay attention to the second one.

If the fall of the Soviet Union and its consequence for the political organization of the international system - i.e., the end of the rivalry between the hegemon of the system (the United States) and its wretched (therefore, improvable) challenger (the Soviet Union) - was considered a sudden change; the second one was not a sudden change though it has been defined by recently.

In a few words, the world of today is the world of globalization and not only of interdependence. It is the world of easy and intense mobility and communication; of imperious demands for individual and collective human rights; of the third and the widest wave of democratization; of fast imitation and, at least in certain degree, unavoidable homologation of societies and cultures (See, for instance, Kennedy, 1993). It is also the opposite of all these aspects: it is the world of fragmentation, discontinuity and individuation; of the strenuous and even violent reaction of the individuals (single men,



groups and cultures) to the risk of being overwhelmed by the rest of the world in a situation in which the individuals realize they cannot "shut the door" separating them from the aliens (See, for instance: Friedman, 1994; Mlinar, 1992; Robertson, 1992).

In such a world, the state loses the ability to control its borders. No wonder, then, that it has not the same ability to make foreign and security policy as it had before such a change took effect (See, for example: Attinà, 1993 a; Camilleri and Falk, 1992; McGrew and Lewis, 1992).

Three facts may be signaled out here in order to demonstrate the point:

- First, no diplomatic-military alliance is signed in the present stage of the international system.
- Second, since the end of the Second world war no state has been killed.
- Third, the more the state is powerful, the less it uses military force in serious crises without receiving the legitimation of multilateral institutions, i.e. without the legitimation of the United Nations.

According with such changes, contemporary states live in a new condition. Their security (as physical survival) is stronger in the present international system than in previous ones. Everything will blow up in the air if someone decides to use nuclear weapons, but - apart from this possibility - no state has a reasonable chance of being destroyed by arms used by other states. From 1945 up to now, no state died because of military invasion. If a state risked to die by military invasion, it was rescued by the intervention of others. Some states died in violence in contemporary international system but by "suicide", that is disintegrating themselves, with two exceptions, easily explained: South Vietnam and East Germany. They were the halves of divided states and wanted to be somehow integrated to the other half (Observers say the same is to occur to the two Koreas). However, disintegration is not the only possible case of state disappearance. The possibility of disappearance by voluntary bilateral or multilateral integration also exists, but no real case is counted in the contemporary international system, apart from the European integration process.

The principle that the state is not to be killed by other states but may disintegrate even in many fragments is so strong as to be valid also for each of the fragments fallen out of the disintegrated state, whatever the conditions of the fragments. The example is very near to us. No state has been ready to intervene to stop internal killings in Bosnia, a

fragment state fallen out of the disintegration of Yugoslavia and, in its turn, always on the verge of exploding and subdividing in fragments. This is because in our international system it is allowed to disintegrate and no state is legitimized to impede the disintegration process of another state by direct military intervention. But, when Croatian troops entered in Bosnia to annex a piece of its land and risked to produce the death of Bosnia by "inviting" others (i.e. Serbia) to annex other pieces of the Bosnian land, the political organization of the international system mobilized and reacted as, four years before, it had reacted to the Irak's invasion of Kuwait ... though Bosnia has no oil!

Mobilization of the political organization of the international system means that the "constitutional" rules and institutions (See: Attinà, 1989 and 1991) and the leading state(s) of the system enter in action. In this case, the United States intervened in Bosnia - as they had done in Kuwait and also in Korea - with the legitimation of the United Nations but not leaving to the United Nations the responsibility and the control of the intervention.

The low interest of the EU countries in FSCP, therefore, is hardly surprising because, also in the actual international system of "hegemony without rivalry", the United States are taking on themselves the role of security provider of last resort and they do without involving the European allies in operations and alignments they dislike.

This effect of the first change of the world is not all. Also the second change of the world - globalization - plays against the FSCP and in favor of the second aspect of security in contemporary world, that is in favor of the intergovernmental co-operation of the Third Pillar.

Since globalization and interdependence are important characters of the present world especially in the economic and social fields, foreign policy is made by the European governments, above all, with measures for building the monetary union, for restructuring their economic relations with the neighbor countries (the CEEs and Mediterranean countries) and with measures for "policing" their opened borders. Briefly, foreign and security policy is made also, and even better, with the First and the Third Pillar rather than with the Second one: the first to hold up with the problems of economic competition, the third to hold up with international migrations (See: Collinson, 1993; Waever et al., 1993) and international crime (See: Ahnfeldt and From, 1993).

The world has problems which in their origin, growth and, of course, solution exceed national borders. This is true in such different fields as environment (pollution), demography (migrations), health (epidemics) and public security (organized crime, illegal business, people trade). Because of the effects of interconnection that the process of globalization has on the politics of almost all contemporary states, the governments are able to exert the old and new functions of public security, economic growth, health protection, social security, etc., only if they resort to international cooperation and coordination. Certain issues are well managed only if national policies are coordinated with multilateral international policies and regulations. Problems produced by globalization can be solved only if they enter the agenda of cooperation at the level of the global system or, at least, of regional systems. The inclusion of a problem in the international agenda means that the problem becomes object of the formulation of international law rules, the creation of competent international institutions or the attribution of competence to already existing international institutions (See, for example, Livingston, 1992).

This is what occurs in the field of public security in today's Europe. The effects of the accomplishment of the four freedoms, scheduled in the Treaty of Rome, and of the single market, scheduled in the Treaty of Maastricht, add to the effects of globalization in causing the common problem of protection from illegal and criminal actions in the territory of the Union and across its borders. Co-operation in public security is not only the instrument to protect public and social order from the effects of opening internal borders; it is also the instrument to defend themselves from one of the unwanted effects of globalization, international crime.

### **International crime and security cooperation in the EU**

The most important form of international crime today is organized crime, i.e. groups of people equipped with stable, generally hierarchical organization which perpetrate illegal actions, usually with violent means, in order to enrich themselves without consideration for the international frontiers. Important groups of international organized crime are the mafias (Sicilian, American and Russian), the Japanese yakuza, the Colombian drug cartels of Medellin and Cali, the Chinese triads. But, the phenomenon is only partially known and in continuous change. Certainly, crime groups

are not unitary organizations but networks of homogeneous, not rigidly subordinated groups.

An organization may prefer to "work" in a particular sector more than others, but no organized crime neglects drug traffic, arms trade, prostitution, people trade and the international recycling of dirty money - this last being the natural complement of all kinds of criminal activity, also of the traditional ones behind state borders (extortions, usury, etc.).

There is no alternative to fight international organized and not organized crime than to collaborate and coordinate national police and judiciary actions. To improve such a coordination, agencies like the Interpol and the new Europol have been constituted. But the constitution and the operation of these agencies face great obstacles and problems because states have peculiar penal law institutes and codes and regulate police operations (like, for instance, telephone controls, collection of information and preventive incarceration) in very different ways.

International police cooperation has a long tradition. When crime assumed the character of an international phenomenon, the police responded with cross-border cooperation. During the first half of the present century such cooperation was of an informal nature and not based on formal agreements and conventions. The situation changed significantly in the 1950s. Since 1956, Interpol has been the key organization for international police collaboration. Towards the end of the 1950s, two important criminal law conventions - one on Extradition (1957), the other on Legal Aid (1959) - were formulated under the auspices of the Council of Europe (See: Gianaris, 1992-1993).

Almost all the states of the world are members of Interpol. About eighty police agents of different countries work at the headquarters of the organization in the French town of Lyons while in the national capital of the member countries the CNOs (Central National Offices) operate with local police officers. These Bureaus communicate directly between themselves for information exchange. The central data bank in Lyons receives and gives information and data. This is what Interpol mainly does (See: Bresler, 1993; Valleix, 1984).

So, police cooperation is not new but its growth in recent times has been very big and, obviously, related to the escalation of international crime. Regarding the EU countries, judiciary and police cooperation was started in the 1970s to fight terrorism

while recent acceleration of cooperation is linked to the upsurge of drug-related crimes as well as to the wish to control immigration and prevent illegal immigration (Ahnfelt and From, 1993; Benyon, 1994; Fijnaut, 1994). The enhancement of judiciary and police cooperation, by providing the basis for further reduction of border control, will certainly promote, on turn, integration in general as well as greater centralization of police cooperation on international criminal activity.

Since the beginning of the 1970s, the need for police cooperation in the EC had been discussed (See: Benyon, 1992; de Boer and Walker, 1992). The establishment of a Europol was being debated on Germany's proposal, but it was the extent of political terrorism experienced by several member states to lead to the creation of TREVI in the mid-1970s. This intergovernmental forum of EC Ministries of Justice and Home Affairs was established by the European Council of Rome in 1975 to coordinate anti-terrorism measures.

Also the Schengen Agreement - which aims at gradually suppressing the controls at common borders within the member states to facilitate the free movement of people and goods - is an important form of security cooperation. It has a different and more formalized legal foundation than TREVI, with police collaboration representing only one of the elements of joint action. Cooperation is based on two conventions originally signed by Germany, France, and the Benelux countries: the 1985 Schengen Agreement and the 1990 Schengen Implementation Convention (SIC). Italy, Portugal, Spain and Greece later signed the Agreement, but only Spain and Portugal are close to execute it. Denmark, the United Kingdom and Ireland, instead, are reluctant for the time being to dismantle border controls.

The Schengen Agreement is based on the notion of "compensatory measures" to maintain internal security when the traditional border controls are removed and the borders opened for the free flow of people and goods. The agreement encompasses cooperation on legal and constitutional issues inclusive of allowing policemen to operate on other countries' territory. Since April 1995 an advanced information system for border control and law enforcement purposes in the member countries - the Schengen Information System (SIS) - is operational in the early signatory states, Spain and Portugal; in the future it will be made available for all the European Union member states with regard to the free movement. At the same date, border control has been lifted in

these countries but was reintroduced by France in the course of 1995 because of renewed terrorism problems. On this point, Monica den Boer (1996), a major expert in the field, signals the contradictory feelings raised by Schengen and the different possible assessments of its results: *"Schengen is regarded as a dominant raison d'être of national security problems, while at the same time, it is regarded as a potent remedy against these very same problems. Furthermore, the presence of terrorism and drugs in France demonstrates that these problems are capable of being "imported" despite the maintenance of internal border controls"*.

Since November 1993 and the coming into force of the Maastricht Treaty, the EU's Council of Interior and Justice Ministers co-ordinates a number of actions on the basis of the Article K (Title VI on "Cooperation in the Fields of Justice and Home Affairs") of the Maastricht Treaty (See: den Boer, 1995; Vilarino Pintos, 1994). Article K 1. identifies nine areas as "matters of common interest":

1. asylum policy;
2. rules governing the crossing by persons of the external borders of the Member States and the exercise of controls thereon;
3. immigration policy and policy regarding nationals of third countries;
4. combating drug addiction in so far as this is not covered by (7) to (9);
5. combating fraud on an international scale in so far as this is not covered by (7) to (9);
6. judicial co-operation in civil matters;
7. judicial co-operation in criminal matters;
8. customs co-operation;
9. police co-operation for the purposes of preventing and combating terrorism, unlawful drug trafficking and other serious forms of international crime, including if necessary certain aspects of customs co-operation, in connection with the organisation of a Union-wide system for exchanging information within a European Police Office (Europol).

Like foreign and defence affairs, justice and home affairs are sensible matters of state sovereignty. They involve the use of coercion, the restriction of liberties, the definition of the conditions of public and social order. The execution of Title VI provisions, hence, is a particularly difficult task. The sought harmonization of different penal laws will be a slow and painstaking task. In spite of this, the opinion of the experts

is that results have been achieved in the first two years of existence of the Third Pillar (Willy Bruggeman, 1996).

Article K.1.9. of the Maastricht Treaty provides for the establishment of Europol. In June 1991, at the Luxembourg meeting, Germany put a formal proposal to the delegates negotiating on the reform of the treaties. The proposal was to establish a unit for combatting terrorism and organized crime with the exchange of information and also with an operational mandate.

Europol is *"to improve the effectiveness and cooperation of the competent authorities in the Member States in preventing and combating terrorism, unlawful drug trafficking and other serious forms of international crime where there are factual indications that an organized criminal structure is involved and two or more Member States are affected..."* (article K.1.). The supplementary Declaration appended to the Treaty refers also to other instruments like support, analysis of national prevention programmes, training and research and development. At last, the Europol Convention (signed in Brussels on July 26th) describes Europol's tasks as: exchange of information; analysis; facilitating the co-ordination of ongoing investigations; increasing expertise; training.

Europol's tasks will be performed by Europol officials and analysts on the one hand and by liaison officers from the Member States on the other. Every country is obliged to set up a national intelligence service (Europol National Unit).

However, Europol is not a fully new agency. On 2 June 1993 a Ministerial Agreement set up the Europol Drugs Unit (EDU), which started operation on January 1st, 1994. Its mandate has been extended by the Joint Action of the Justice and Interior Ministers of 10 March 1995 from drugs-related crime only to illicit trafficking in radioactive and nuclear substances, illicit vehicle trafficking, clandestine immigration networks and all associated money-laundering activities. EDU does not take charge of cases but provides assistance and support. Each team of liaison officers remains under the exclusive control of the national authorities and the management of EDU co-ordinates the team, not the cases. According to Bruggeman (1996), this provisional model will probably be one of the cornerstones of Europol: *"nothing else is possible given that the Member States' criminal justice and law enforcement systems are based entirely on the principle of sovereignty"*.

## EU and US as transatlantic partners

Since the end of World War II, the relations between Western Europe and the United States have been the object of continuous debate among politicians, diplomats, academics and concerned people. The conflict of interests and the similarity/identity of basic values of the two parts have been repeatedly assessed during the last fifty years. The importance, for the whole international system, of cooperative relations among the two parts of the Atlantic and the acknowledged reason for differentiation and even for conflict on certain issues have always encouraged concern for studying the alliance and devising a stable and enduring framework to overcome recurrent tensions. The academic interpretation tried to define the real nature of the relationship with the use of concepts like *hegemony* and *asymmetrical interdependence*. Politicians, instead, preferred to soften asperities by not sparing in the use of words like *partnership* and *friendship*.

Contrary to the attention of the past, the debate is presently almost in a "sleeping state", which is dissonant with the state of change of the present world and international system. So, more chance and apparent freedom for change go with less debate on steering the change of the atlantic cooperation. It is as if academics and politicians feel themselves inappropriately informed on how to interpret the evolution and, above all, uncertain on how to take safe decisions to update and upgrade atlantic cooperation. But, not every thing is fixed.

On November 1990, in Paris the United States and the European Community signed the Transatlantic Declaration and opened a new set of diplomatic negotiations. The Declaration was not consistent with the traditional nature of the US-Europe relations neither for the nature of the signing parts nor for the content of the document. One of two signing "high parts" was the government of the United States but the other one was an uncommon diplomatic actor, the *tandem* composed by the EC Presidency and the President of the Commission. As for the content of the Declaration, it was concerned with so-called *low politics* matters as much as with *high politics* matters and sensible issues, like trade and GATT. However, the public attention (even the attention of concerned people) rapidly fell off. The same lack of public attention occurred to the annual summits of the signing parts. Two years ago, one of the few researchers attentive to the Declaration and the following transatlantic negotiations made this remark: "*politicians and academics alike have apparently forgotten the so-called Transatlantic*



*Declaration, the major attempt to redefine the common relations and to build up something like a stable network of relations" (Wessels, 1993).*

The reason for the constitution of the transatlantic *network* can be found in the need to prevent the blossoming of complementary worries. On the American side, the worry is that once the EU has found a common position, this is declared as final and not open to negotiation with the United States. On the European side, the worry is that the United States wants to seat at the EU negotiation table and dominate the debate. In a situation of no conflict among the EU governments, these may confront the US government with a no negotiable position; in a situation of conflict among the EU governments, instead, the US government may easily interfere by its direct relations with the single European governments. The transatlantic network of negotiations is, hence, a way to overcome such a double negative situation and establish more equal - perhaps, in the future also broader - links between EU and the United States.

The annual transatlantic summits between the Presidents of the European Council and Commission and the President of the United States have been considered, by some, as a major step to establish a *communauté de vue* as a base for common activities; at the same time, the more numerous meetings of the working groups have been considered as valuable instruments of "confidence building" among administrations not used to work together. But, by others the annual meetings are seen as too infrequent to create the wished *communauté de vue* while the working groups are considered inconclusive experiences for administrators used to work with very different practice and style. As a matter of fact, the US side has to accustom - for instance - to the rotation of EU Presidency. On the other side, the EU diplomats have to work hard to get at effective coordination and, when this is impossible, to reduce the effect of failed coordination in order to appropriately confront the unitary American counterpart.

In spite of complaints, the transatlantic network has not been dismantled. On the contrary, the two parts by agreeing on the New Transatlantic Agenda (signed in Madrid on December 15-16, 1995) have acknowledged that the present formal structure of the cooperation (definition of common and shared responsibilities, basic principles, areas and forms of cooperation) fits well to the present state of EU-US relations.

The presentation of the four major goals of the cooperation - promoting peace, stability, democracy and development around the world; responding to global challenges;

contributing to the expansion of world trade and closer economic relations; building bridges across the Atlantic - is followed by a *Joint EU/US Action Plan*. It is difficult today to say whether the Agenda is a real incremental step, a simple updated version or a mere repetition of the 1990 Declaration. Undoubtedly, the implementation of the Action Plan will be the litmus test of the importance of the Agenda and the viability of the transatlantic network. The actions to be taken are not easy ones but the seriousness of the issues linked to the first and second change of the world is certainly a strong incentive to move in the direction devised in the Agenda.

### **The New Transatlantic Agenda and internal security**

Cooperation in the field of internal security is a major topic of the Action Plan. It defines extensively the problem of international crime prevention and containment, differentiates many aspects of crime at the global level and openly considers the case for police cooperation.

The new dimensions of security - explicitly reported as products of the globalization process - are the very object of the Joint EU/US Action Plan. The concluding part of the Agenda merits full citation. Governments confess their *concern to address in an effective manner new global challenges which, without respect for national boundaries, present a serious threat to the quality of life and which neither of us can overcome alone*. They list the following global issues: international crime, terrorism and drug trafficking, mass migration, degradation of the environment, nuclear safety and disease.

A series of bilateral cooperation and institutional contacts are envisaged to fight against illegal drug trafficking, money laundering, terrorism, organised crime and illicit trade in nuclear materials. They are the enhancement of the capabilities of criminal justice and investigative systems, the promotion of the rule of law through international training programmes at regional institutions, the establishment of an information exchange mechanism on cooperation between the U.S. and the EU and member States in the law enforcement and criminal justice fields, the exchange of law enforcement and criminal justice. The possibility of establishing interim cooperative measures between competent U.S. authorities and the European Drugs Unit and the implementation of the possibilities provided for in the convention on EUROPOL to facilitate relations between EUROPOL

and the U.S. Government are proposed as well as the possibility of cooperation in the framework of the UN Drug Control Programme. To counter drug production, the establishment of cooperative links between EU institutions such as the European Monitoring Centre for Drugs and Drug Addiction and the *Comision Interamericana para el Control del Abuso de Drogas* are also proposed.

Illegal immigration, traffic in illegal immigrants and the traffic in women are further areas of public security cooperation signaled in the Action Plan. Legal and judicial international cooperation is also pledged as future common action.

### **The Barcelona Declaration**

At the very time the two world changes reached ripeness and the atlantic countries started the transatlantic network, the EU and its member governments began to reconsider the state of another sector of their international relations. The political and economic instability of East European countries after the dissolution of communism was not less serious and critical than the condition of the neighboring countries in the Mediterranean region. It took some years to pass from the awareness of the problem to the formulation of a policy, from realizing the unproductiveness of past programs and actions towards the Mediterranean countries, to putting on the ground a new strategy aimed at substituting the traditional sectorial and bilateral approach with the Euro-Mediterranean Partnership (See: Joffe 1994; Pace 1995). However, the Barcelona conference - where the Partnership has been solemnly launched - may be that opening of a new chapter in the history of relations between the European Union and the countries of the Mediterranean.

The United States have not been admitted to as a participating state but assisted to the official parts of the conference. The European Union and its member governments, with different positions, excluded them for formal reasons. The United States are not a Mediterranean country. However, invitation has been discussed and the exclusion may be taken as an sign that the "dissociation syndrome" is not completely over.

To take the United States as much as possible out of the restructuring of the Mediterranean region while the restructuring of international politics is in progress, was a delicate issue because the conference may give birth to a process of building up new rules of the game in the region. In fact, the European Union and its governments have talked with the rest of the Mediterranean governments on important political, security

and economic matters without the presence of the Washington government and have also made future plans in all those matters.

The Declaration targets a free trade area between the 27 participants by 2010 and pledges to start cooperation in a broad range of political, social and economic fields. It comprises four chapters (Political and Security Partnership; Economic and Financial Partnership; Partnership in Social, Cultural and Human Affairs; Follow-Up) and a work programme.

In the chapter on Political and Security Partnership the participants stress their conviction that peace, stability and security in the Mediterranean region are common assets which they pledged to promote and strengthen "by all means at their disposal". It is even in this chapter that they *undertake to*, among other things,

- *strengthen their cooperation in preventing and combating terrorism, in particular by ratifying and applying the international instruments they have signed, by acceding to such instruments and by taking any other appropriate measure;*
- *fight together against the expansion and diversification of organized crime and combat the drugs problem in all its aspects.*

In the Economic and Financial Partnership chapter, the participating countries fixed three long term objectives for their partnership: to speed up the pace of lasting social and economic development; to improve peoples' living conditions by raising employment and closing the development gap in the Euro-Mediterranean region; to promote cooperation and regional integration.

In the chapter on Partnership in Social, Cultural and Human Affairs, governments recognise that mutual understanding can be greatly enhanced by human exchanges and a dialogue between cultures. The conference agreed to establish a wide range of cooperation between peoples, not only in politics but also in culture, religion, education, the media, as well as between trade unions and public and private companies. The Declaration also recognises the challenges posed by current population trends in the Med12 (non-EU countries) and says that they must be counterbalanced by "appropriate policies to accelerate economic take-off". Participants agreed to strengthen their cooperation to reduce migratory pressures and illegal immigration. They also acknowledged the principal that source countries had "a responsibility for readmission" of illegal immigrants to Europe.

In this chapter again they pledge to act against crime:

- *they agree to strengthen cooperation by means of various measures to prevent terrorism and fight it more effectively together;*
- *by the same token they consider it necessary to fight jointly and effectively against drug trafficking, international crime and corruption.*

Like the Helsinki Conference, the Barcelona Conference provided for Follow-Up. Foreign Ministers from the 27 nations will meet periodically to review progress in implementing the Declaration and to agree on actions which will achieve its objectives. Their first meeting will be in the first half of 1997 in a Mediterranean Member State of the Union. Sectoral meetings at ministerial level will be organised together with ad hoc conferences.

To translate the Barcelona Declaration into concrete actions, the Conference approved a Work Programme. Also this Programme encourages initiatives to discuss on migratory flows and on cooperation between law and order authorities as part of the fight against terrorism, drug trafficking, organised crime and illegal immigration.

### **Conclusion**

The European Union is at the cross-road of the Transatlantic and the Mediterranean cooperation and, at the same time, in search of making out its own joint actions and common policies. The United States are committed to reshape their hegemonic foreign policy but have to take into account contradictory trends: on one side, the continuing need for the presence of an actor as the provider of last resort of important collective goods of the system; on the other side, the challenges put to it by the aspiration of old and new actors of the global system to greater autonomy. The Med12 are both anxious of preventing the explosion of the many factors of crisis in their societies and conscious, almost all of them, of the need for international cooperation to approach the condition of the take off.

In such a contingency, the filling of cooperation in the European Union, the Transatlantic relations and the Euro-Mediterranean region with the same content, though not particularly astonishing to the professional observers of international politics, is a fact that merits attentive consideration. The longer the governments will go with the implementation of the Action Plan and Work Programme of such cooperation, the stronger will be the change of the international system in the direction of improving security on different dimensions.

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## **INTEGRATION OR PERIPHERAL DEPENDENCE: THE DILEMMA FACING THE SOUTH MEDITERRANEAN STATES**

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Now that the Barcelona Conference has taken place and the final declaration has been made, the South Mediterranean states that were involved will have time to consider at leisure precisely what it is that they have agreed to. Four of them - Turkey, Israel, Tunisia and Morocco - already know the detailed terms of their new economic relationship with Europe and at least two others - Egypt and Algeria - are busy laying the ground work for their future links with the states of the European Union. Indeed, it is the economic component of the future relationship which is the most immediate and which is likely to have the most powerful impact on the states concerned, for, in reality, the Barcelona Conference was merely the framework for introducing Europe's new Global Euro-Mediterranean Partnership policy which is essentially economic in nature. The crucial question that they will have to answer is whether the policy to which they have adhered will produce genuine partnership or simply prolong economic dependence.

### **The past**

It is a truism to point out that the states of the southern Mediterranean, except for Turkey, were all subject to colonial occupation and that this had powerful effects on their economic development. The effects are most strikingly seen in the Maghrib, where the region's integration into the French colonial sphere<sup>1</sup> meant that economic structures were increasingly dedicated to serving the metropolitan market. At the same time, these colonial economies were divided into traditional subsistence sectors and modern, capital-intensive sectors which were oriented towards the markets of Europe, principally France. These changes caused profound modifications in indigenous economic behaviour, such as the switch from hard to soft wheat production in North Africa as Maghribi economies became integrated into the European and American wheat markets, or the destruction of handicraft industries in the wake of the Great Depression and the

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<sup>1</sup> Northern Morocco and the Tarfaya region, along with the coastal region of Sidi Ifni and the Western Sahara, were occupied by Spain, under the 1904 secret protocol with France. Libya was occupied by Italy after 1911 and then, during the Second World War, was put under a joint British-French administration until 1951.

growth of competing imports from Japan in the 1930s<sup>2</sup>. Even after Independence, this dependence of Mediterranean economies on the European market continued, with the effect being most profoundly marked in North Africa but extending into the Mashriq as well.

The dependence was, to some extent, codified by the advent of the Association and Cooperation Agreements with the European Common Market after 1969<sup>3</sup>. These agreements essentially sought to provide for free entry into Europe of industrial goods and minerals into Europe, as provided for in the Treaty of Rome, but tried to regulate entry of agricultural goods by tariff barriers designed to ensure that European and South Mediterranean produce competed on equal terms inside the European market and thus did not threaten the Common Agricultural Policy which was one of the cornerstones of Franco-German cooperation. The European Commission hoped that the agreements, which were bilateral in nature and which were renewed in the mid-1970s and again in the mid-1980s, would provide a breathing space in which the economies of the South Mediterranean region would re-orient their export priorities away from the European market and thus bring the delayed effects of colonialism to an end.

In reality, of course, the reverse was true, for finding new markets for agricultural produce of the kind that Mediterranean states had to offer was difficult. Either their goods were not competitive, given the transport costs - as was the case with citrus - or they were unwanted because of local tastes and preferences. Despite the tariff barriers, which removed their competitive advantage, Europe did at least offer a secure market so that South Mediterranean governments became increasingly concerned about creating fairer terms of trade. The same was true of industrial goods where the growing amount of textiles produced in the region had both to compete with even cheaper produce from Asia and the Indian sub-continent and faced discrimination because of the threat it offered to European industry. They were excluded from the Staflex agreements that applied outside the Mediterranean region but were required to abide by a series of "voluntary restraint agreements" instead. Once again, however, the lure of the European

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<sup>2</sup> See Swearingen W.D. (1988), **Moroccan mirages: agrarian dreams and deceptions, 1912-1986**, I.B. Tauris; 15-24, and Berques J. (1967), **French North Africa: the Maghrib between two world wars**, Faber & Faber; 176.

<sup>3</sup> See Niblock T. (1996), "North-South socio-economic relations in the Mediterranean", in Aliboni R., Joffé G. and Niblock T. (1996), **Security challenges in the Mediterranean region**, Cass & Co; 121-127.

market was irresistible because of its size and because it was so close.

The issue of agricultural trade became acute, however, in 1986, when Spain and Portugal began a ten year economic transitional regime as part of their entry into the European Common Market. Europe was now more than self-sufficient in all the agricultural produce that had originally come from North Africa and the Middle East. This was particularly true of citrus, olive oil and early vegetables. As a result, the agricultural import regime was modified so that, by the end of the transitional regime, South Mediterranean produce would be subjected to quota restrictions, rather than tariff constraints. As far as North Africa was concerned, the problem was that the quotas were based on average export levels between 1980 and 1984 - which were years of drought! A special arrangement had to be made to accommodate Tunisia's massive olive oil production and separate arrangements covered Community fishing in Moroccan waters - 740 out of 900 Spanish fishing boats from Southern Spain depended on such access.

At the same time, there were growing anxieties in Europe over the implications of demographic change in the South Mediterranean region. Migration had long been a problem for certain European states and the 4.3 million Muslim migrants within the 10 million migrant workers in Europe came in their majority from the South Mediterranean region, 2.6 million of them from the Maghrib alone. The apparently constantly accelerating birth-rates in the region only underlined the danger of migration if the countries concerned did not succeed in maximising economic growth. Yet this appeared to be an unlikely outcome for three decades of independence had been marked by progressive economic failure and the growth of foreign debt, particularly after 1973. As the European Commission pointed out in 1993, "It is difficult to avoid the conclusion that the economy of the region is a failure."<sup>4</sup> Although the document in question referred to the Middle East, very similar conclusions had been reached a year earlier in a similar analysis of the Maghrib.<sup>5</sup>

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<sup>4</sup> "Future relations and cooperation between the Community and the Middle East", Communication from the European Commission, COM (93) 375, September 8, 1993.

<sup>5</sup> "The future of relations between the Community and the Maghreb", Communication from the European Commission SEC (92) 401, April 30, 1992

## **The prescription**

By the 1990s, the issue of official development assistance was increasingly seen in Europe as an inappropriate means of reviving economic growth and new weight was put on the process of attracting foreign investment. In essence, the economic problems of the South Mediterranean littoral states was seen as the consequence of inappropriate resource allocation, caused by unrealistic pricing policies<sup>6</sup>. The Washington Consensus, accepted by the World Bank and the IMF was seen as the appropriate remedy, with trade liberalisation and the reduction of the state sector in the economy as the key. The change in European policy towards the South Mediterranean littoral that began to be considered at this time therefore bore the hall-marks of neo-classical economics which were to achieve pre-eminence in Eastern Europe and the former Soviet Union after the Communist system collapsed in 1989-1991. At the same time, the Commission also had to deal with growing unease in the southern part of Europe that investment flows within the European Community were increasingly flowing eastward, rather than towards the south. The result has been the new Global Euro-Mediterranean Partnership policy which was formally introduced in Barcelona in November 1995. In economic terms, the new policy seeks both to equilibrate aid flows eastward and southwards and to stimulate indigenous economic growth through economic restructuring and exposure to free market competition. It also recognises that there is an essential inter-dependence between the regions on each side of the Mediterranean and that Europe cannot afford simply to ignore the very real problems facing the South Mediterranean region.

In fact, Europe - essentially the fifteen states which now make up the European Union - cannot simply ignore the region for reasons connected with its own regional interests as well. It is heavily dependent on the Middle East and North African region in terms of energy supplies, for nearly 60 per cent of its needs in hydrocarbon supplies come from there. In 1993, The Middle East supplied 32.6 per cent of Europe's requirements in oil (43.2 per cent of oil imports), whilst North Africa supplied a further 14.6 per cent (19.3 per cent of oil imports). In terms of natural gas, Algeria and Libya alone supplied 19.4 per cent of European gas demand, with a further 6 per cent to be supplied by the new Algeria-Spain gas pipeline via Morocco which will be completed in June 1996, bringing the total up

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<sup>6</sup> Todaro M. P. (1989), *Economic development in the Third World*, Longmans ; 83, 530-535

to one quarter of Europe's natural gas import needs<sup>7</sup>. In this context, it is worth noting that, since it is the Gulf region which is the major supplier of oil to Europe within the overall region, it is difficult to consider Mediterranean economic circumstances without including the Gulf as a part of the Mediterranean region itself. Nonetheless, the problems that face the littoral states are quite different from those of the Gulf states and they will therefore be excluded from this discussion.

At the same time, the importance of the Middle East and North African region to Europe, from an economic point of view, should not be over-stressed. In 1993 the region only supplied 8.1 per cent of all Europe's imports and absorbed 7 per cent of Europe's imports. However, in terms of the region itself, Europe was by far the most important trade partner it possessed, as Table (1) demonstrates. In 1992, for example, the twelve-member European Union supplied 47.1 per cent of the region's import requirements and absorbed 38.3 per cent of its exports. No other region of the world even approaches these proportions, a consideration which underlines the essentially asymmetrical trading relationship between the Middle East and Europe. It is a relationship which, furthermore, reflects historical as well as modern economic links and cannot, for both these reasons, be ignored.

#### **(1) MIDDLE EAST AND NORTH AFRICA: MARKET SHARES 1992**

(%)

<b>Supplier Region</b>	<b>Imports</b>	<b>Exports</b>
North America	17.3	13.3
European Union	47.1	38.3
Japan	10.6	21.4
Eastern Europe and former USSR	1.2	1.7
Newly industrialised countries	8.3	12.7
East Asia developing countries	3.5	3.2
Other developing countries	2.8	4.2
Other developed countries	9.2	5.3

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Source: World Bank, *Economic research forum*, Gammarth; A16

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<sup>7</sup> British Petroleum (1994), *BP statistical review of world energy*, London; 16, 24

## The critique

The South Mediterranean region is thus highly dependent on its relationship with Europe and this dependency has tended to increase, not weaken, over recent years. Littoral states, in particular, are acutely aware of the real nature of the relationship, as the primacy given to their economic links with Europe indicates. Certain European states, too - particularly those in Southern Europe - are also very concerned by these factors as well. Overall, however, European concern is conditioned by two factors; firstly dependence on the region and its hinterland for oil and gas supplies and secondly over the implications of economic decline within the South Mediterranean and Middle Eastern region. This, in turn, is closely connected with demographic growth patterns in the South Mediterranean region, for these demonstrate that past and future economic failure is linked to the demand on resources made by expanding populations and that, unless these are met, Europe faces the danger of uncontrolled and expanding immigration.

## (2) POPULATION PROJECTIONS 1950-2100

	North Africa	Southwest Asia	Europe/USSR
<u>Population (mn)</u>			
1950	52	42	572
1970	83	74	703
1990	140	133	790
<u>Growth rates (%/year)</u>			
1950/70	2.89	3.81	1.15
1970/90	3.43	3.99	0.62
<u>Population projections (mn)</u>			
2000	174	175	814
2025	261	290	851
2050	328	388	850
2100	386	483	859

Source: World Bank (1994), **Population and development: the implications for the World Bank**, Washington; 23, 29

Note: Southwest Asia includes Turkey, Cyprus and the Arab Middle East. North Africa includes Egypt.

National economies in the South Mediterranean will have to grow at a rate of at

least 6 per cent per annum in real terms simply to contain these massive populations, which are admittedly now growing more slowly than suggested by the figures above. However, even at projected growth rates of between 2.0 and 2.8 per cent per year, they will still almost double by the year 2050, as shown in Table (3). Any lower rate of economic growth will not permit governments to provide essential education, health and housing services, nor to create sufficient employment to absorb a predominantly young population. Even now, unemployment rates are between 10 and 30 per cent throughout the region and under-employment rates can range as high as 50 per cent of the labour force.<sup>8</sup>

### (3) MIDDLE EAST AND NORTH AFRICA POPULATION: 1970-2010

(Population in millions; annual growth in per cent)

	1970	gr 70-90	1990	1995	gr 90-10	2010
Maghrib	36.2	2.8	62.7	70.3	2.0	95.0
Mashriq	43.3	2.5	71.5	80.4	2.0	107.6
GCC	7.7	5.4	22.1	25.0	3.0	39.4
Iran/Iraq	44.1	3.3	85.1	100.0	3.0	152.0
Israel	3.0	2.2	4.6	5.6	2.0	6.8
<b>Total</b>	<b>134.2</b>	<b>3.0</b>	<b>246.0</b>	<b>282.0</b>	<b>2.5</b>	<b>400.0</b>

Source: World Bank (1995), *Economic Research Forum*, Gammarth; B6

The problem is that the current approved development model being proposed to these states, in line with the "Washington Consensus", does little to deal with these social demands created by demography. It may well improve macro-economic performance but it does virtually nothing for micro-economic considerations which are the very factors that influence social and political unrest. Certain sectors of the reconstructed economy may well experience export-led growth, but

<sup>8</sup> For details on North Africa, see Joffe G. (1993), "The development of the UMA and integration in the Western Arab world", in Nonneman G. (1993), **The Middle East and Europe: the search for stability and integration**, Federal Trust (London); 207. For indicative figures, see World Bank (1995), **Will Arab workers prosper or be left out in the twenty-first century?**, Washington; 3, 5. At the same time, considerable levels of unemployment were soaked up by the informal sector - 28.9 per cent of non-agricultural employment in Algeria (1985); 39.7 per cent in Egypt (1986); 63 per cent in Morocco (1991 - it had been only 57 per cent in 1982); and 35 per cent in Tunisia (1989 - compared with 46.7 per in 1980)

these sectors and their success have little effect on the distribution of national wealth for the "trickle-down" effect takes a long time to percolate outside such sectors - if, indeed, it ever does do so. The result is that the economies in question either remain stagnant or see living standards progressively worsen. In addition, unless there are significant competitive advantages, foreign investment is not attracted and the export-led growth will tend to be in traditional exports - raw materials or agricultural goods - or in low valued-added manufactures which tend to feed into the production processes in metropolitan markets.

In any case, as far as the South Mediterranean states are concerned, what export earnings are achieved have tended, in the past, to be absorbed into debt repayment. Only Israel, because of its special relationship with the United States which is its major creditor, and Tunisia have escaped this problem, whilst Libya falls outside the discussion because of its status as a centrally-controlled oil producer which depends virtually entirely on its oil rent to pay for essential imports. This consideration has been particularly important for countries such as Algeria and Morocco, where debt service ratios have been very high and, without debt rescheduling operations, essential import requirements could not have been satisfied. In essence, however, the cost of servicing foreign debt, plays a critical role in delaying, if not annulling the supposed benefits of economic restructuring.

#### **(4) FOREIGN DEBT: 1992**

(\$ billion)

<b>Country</b>	<b>Total debt</b>	<b>Long-term debt</b>
<u>Maghrib</u>		
Algeria	26.349	24.762
Mauritania	2.301	1.855
Morocco	21.305	20.536
Tunisia	8.475	7.644
<u>Mashriq</u>		
Egypt	40.517	36.712
Iran	12.866	1.716
Jordan	7.516	7.026
Oman	2.855	2.340
Syria	19.016	15.912
Turkey	55.605	42.945
Yemen	6.571	5.253

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Source: World Bank (1994), **Debt Tables**, Washington



### *Exogenous causes of failure*

There is, however, a further, more basic problem with the "Washington Consensus". This is that it takes no account of the exogenous influences on the economy, seeing its problems as being purely endogenous in nature, even though it relies on exogenous factors to correct them. Inevitably, such economic restructuring causes considerable social disruption and, on occasion, impoverishment. The external environment is often hostile towards national economic development and, since it is the environment in which national exports must compete, it can nullify the supposedly beneficial effects of the proposed reforms which are designed to improve international competitiveness. In addition, compression of foreign exchange earnings not only hinders debt repayment but also causes compression of vital imports. The consequence is that the restructuring process can be significantly lengthened as a result of such external factors and the social disruption caused is thereby intensified. Indeed, the goal of the restructuring process may become virtually unattainable for these reasons.

A good example of this process is provided by the Algerian experience of the mid-1980s. This was a time when the Algerian regime was attempting to introduce state-directed and gradual economic liberalisation. The sudden Saudi-induced drop in world oil prices in 1986 came, therefore, at a critical juncture. The sudden worsening of its foreign exchange position - the decline in nominal oil prices combined with a simultaneous depreciation of the dollar, the currency in which oil prices are denominated produced a 20 per cent decline in foreign currency receipts in an economy which was a high capital absorber - seriously affected import supply and the debt service ratio which, by 1992 had climbed to a terrifying 72 per cent. Of course, the resultant crisis was also of the regime's own making; it did not seek rescheduling fast enough and refused to accept the need for significant and specific economic restructuring. Nonetheless, the external environment did nothing to ease its predicament and played a significant role in creating the conditions for the October 1988 riots. A similar pattern of social unrest leading to widescale rioting has marked the economic restructuring programmes of Tunisia (January 1984), Morocco (June 1981, January 1984 and December 1990), Egypt (1976 and 1986) and Jordan (1990).

Indeed, all South Mediterranean states except Algeria and Libya run significant trade deficits and thus depend on other sources to provide the financial flows essential to make up the balance of payments. Of these the most important is workers remittances and, despite its growing unpopularity with donor countries, official development assistance still plays a role. Direct private foreign investment, although it has grown in importance in Morocco and Tunisia, has declined markedly in Egypt, from \$1.25 billion in 1989 to an estimated \$530 million in

1994. Yet, even in Morocco and Tunisia, levels of private foreign investment are static at around \$500-\$550 million for the former and \$270-\$300 million for the latter<sup>9</sup>. Portfolio investment has not, so far, played a significant role at all, although the current privatisation programmes in many South Mediterranean countries may alter this, particularly when privatisation operations occur through local stock exchanges.

**(5) NORTH AFRICA: RESOURCE FLOWS - 1993**

(\$ mn)

	Algeria	Egypt	Morocco	Tunisia
Long-term debt	-479	405	182	276
Official grants	82	1,192	179	135
Direct foreign inv.	15	493	522	239
Portfolio equity inv.	0	0	0	0
Workers remittances	993	4,960	1,945	599
Exports	10,230	2,244	3,991	3,802
Resource flows	-382	2,090	884	650
Net transfers	-2,237	917	-239	-6

Sources: World Bank Development Report 1995; World Bank World Tables 1995.

Yet, quite apart from the lack of internally-sustained patterns of development based on investment, there are other objective factors which hamper economic development in the region as well and which relate directly to European attitudes towards the South Mediterranean region. Not least is the growing inaccessibility of Western European labour markets to the South Mediterranean region, so that excess labour there cannot be soaked up or generate further remittance flows, as in the past. There is also the growing problem for agricultural exporters created by the barriers within Europe to their produce - most recently underlined by the particularly mean-minded dispute over cut-flower and tomato exports to Europe from Morocco in October 1995. In part, of course, this reflects the fact that Europe is now virtually self-sufficient in all aspects of agricultural production and is no longer prepared to honour export patterns established in colonial times, particularly as far as early vegetables, olive oil and citrus are concerned. As mentioned above, this is translated into quota and tariff restrictions under the

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<sup>9</sup> Financial flows and the developing countries: a World bank quarterly, February 1996; Table A.8

Common Agricultural Policy which particularly affect Israel, Morocco, Tunisia and Egypt. Israel is less severely affected, as it has already begun to cut back on agricultural exports for reasons of restricted water access. The import restrictions have acquired a new importance since the start of 1996 for Spanish and Portuguese integration into the European Market is now complete and the new quota arrangements come into force to replace the old reference price system of tariff barriers to South Mediterranean agricultural exports.

Ironically enough, the successful conclusion of the Uruguay Round of the GATT, which was signed in Marrakesh in 1994, also has negative connotations for the South Mediterranean region. Although world trade was expected to rise by some \$512 billion (some estimates spoke of \$572 billion), sub-Saharan Africa and North Africa were expected to be net losers - with North Africa losing up to \$600 million annually. The Middle East would gain by \$1.2 million annually - although virtually all of this would accrue to the Gulf oil producers. One of the main reasons for the losses involved cereal imports which, under the reduced GATT tariff levels (with Europe removing 30 per cent of its subsidies) would undercut local prices which were supported. These imports are not insignificant: in the 1984-86 period, for example, Morocco produced an average of 5 million tons each year and imported 2.2 million tons; Algeria produced 2.9 million tons and imported 3.9 million tons; and Tunisia, which produced 1.2 million tons annually, imported a similar amount. Little has happened since then to alter the basic situation. Overall, the region imports 50 per cent of its cereal requirements and is extremely sensitive to external prices. This translates into a wider sensitivity to falling tariffs in the wider world and the World Bank has calculated that South Mediterranean trade with Europe will be severely affected by the GATT regulations, falling by \$5.5 billion annually - unless the region is integrated into Europe.<sup>10</sup>

#### *Endogenous factors*

At the same time, there is little doubt that most of the South Mediterranean economies need economic reform; their chronic budget, trade and current account deficits make this clear, as does their dismal growth record over the years. Public sector involvement in their economies has traditionally been high - 70 per cent in Algeria, 40 per cent in Tunisia, Morocco and Egypt up to the 1980s, for

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<sup>10</sup> World Bank (1995), *Economic Research Forum* (Gammarth); C48

example<sup>11</sup>, which often contributed significantly to their heavy budget deficits. Failure to achieve adequate export levels has meant that, except for the Libyan oil economy, foreign trade balances have usually been negative and this has contributed to indebtedness, as foreign exchange to pay for imports has been lacking. It is for this reason that workers remittances<sup>12</sup> and tourist revenues have been essential in reducing current account deficits, with capital inflows being the only way in which the balance of payments has usually been maintained for most of the non-oil exporting economies.

#### (6) ADULT ILLITERACY RATES: 1993

(% population above 15 years old)

Country	Illiteracy	Country	Illiteracy
Algeria	43.0	Jordan	20.0
Morocco	51.0	Syria	35.5 (1990)
Tunisia	35.0	Lebanon	19.9 (1990)
Libya	36.2 (1990)	Turkey	20.8 (1990)
Egypt	52.0	Israel	5.2 (1992)*

Sources: World Bank (1995), *Will Arab workers prosper...?*; 18  
Encyclopedia Britannica, *Book of the Year 1995* (Chicago)

One consequence of such deficits, particularly in the external account, has been to reduce public sector investment, with concomitant reductions in economic development rates. This has been particularly serious in terms of the development of human resources. The persisting problems of adult illiteracy, despite decades of heavy investment in education, indicates the level of the failure they have experienced in exploiting their human resources - which ultimately determine any

<sup>11</sup> By the 1990s, these levels had begun to drop as a result of restructuring programmes, according to the World Bank (World Bank (1995), *Will Arab workers prosper...?*; 20). Selected levels were Algeria (1990): 58 per cent; Tunisia (1989): 36 per cent; Morocco (1992): 30 per cent; Egypt (1992): 35 per cent; Jordan (1991): 48 per cent; and Syria (1991): 33 per cent.

<sup>12</sup> In 1990, workers remittances were more important worldwide in generating current account financial inflows into developing economies than was official development assistance - over \$70 billion and \$54 billion respectively (World Bank (1994), *Population and development: implications for the World Bank*, (Washington; 33.

sustained development process, as the experience of South-East Asia makes clear. There improving levels of education went hand-in-hand with low labour costs and government strategic involvement in achieving and maintaining development. In the South Mediterranean region, however, even if the necessary employment could be created, there are not the necessary skilled workers to satisfy demand. In any case, many of the more enterprising elements of the workforce migrate to Europe or to the Gulf.

#### (7) FOREIGN INVESTMENT: DEVELOPING COUNTRIES

(\$ billion - 1993)

	FDI	(%)	PEI	(%)
East Asia/ Pacific	36.5	54.5	18.1	38.3
Latin America/ Caribbean	16.1	24.2	25.1	53.1
Europe/ Central Asia	9.6	14.4	1.3	2.8
Sub-Saharan Africa	1.8	2.7	0.4	0.8
Middle East/North Africa	1.7	2.6	0.4*	0.8
South Asia**	0.8	1.3	2.0	4.2
<b>Total</b>	<b>66.6</b>		<b>47.3</b>	

Source: COMET 43 (May 1995); 21

Note: \* World Bank projection

\*\* In total investment terms, South Asia outstrips the Middle East!

Quite apart from the issue of human resources, the majority of South Mediterranean countries also suffer from inadequate physical infrastructure. This, combined with ill-trained and motivated work-forces, seriously hinders access to direct private foreign investment, which is now considered to be the crucial motor for economic development, once satisfactory economic restructuring has been achieved. Here, however, the South Mediterranean region has been a manifest failure, as Table (7) demonstrates, coming just above South Asia - the lowest ranking region in the developing world in terms of access to direct private foreign investment. This is a staggering position, given the potential of the South Mediterranean region and its closeness to a major world market. It reflects, in part, the Western perception of chronic political instability within the region and the inadequacy of infrastructural, financial, human and legal resources to persuade investors that investment prospects are good. It also reflects the anxieties of indigenous investors over the region's potential. Around \$465 billion-worth of Arab private investment is located *outside* the Middle East-North Africa region, rather than within it! It also highlights the levels of development that will be needed if the region is ever to attract the investment it needs to be able to realise

the growth rates that are essential if the demographic problems its faces are to be contained. However, as described above, this can only be done with the aid of external assistance, a consideration that makes the economic relations of the region with Europe of crucial importance, particularly as official development assistance levels are static or declining - in accordance with the "Washington Consensus" - for it will be Europe that will be the only source of the essential foreign investment for macro-economic recovery, whatever happens at the micro-economic level.

**(8) OFFICIAL DEVELOPMENT ASSISTANCE: 1990-93**  
(\$ billion)

	1990	1991	1992	1993
<u>Disbursements</u>				
Net ODA (OECD)	53.4	57.1	60.9	54.5
Total: Current prices	54.5	58.6	62.7	56.0
1992 constant prices	59.8	62.1	62.7	57.1
%age GNP	0.34	0.35	0.35	0.30
OPEC	0.7	...	...	...
OAPEC	0.7	...	...	...
<u>Receipts</u>				
Middle East/North Africa	9.7	9.3	9.8	9.6
Sub-Saharan Africa	13.5	14.0	16.8	16.4
Latin America/Caribbean	3.8	4.1	4.6	5.3
East Asia/Pacific	6.7	7.1	8.1	7.7
South Asia	6.2	6.1	6.1	7.5

Sources: World Bank (1994/95), **World Development Report**; Tables 18, 19

**The Euro-Mediterranean Partnership**

It is considerations such as these that make the conclusions of the Barcelona Conference so important for the South Mediterranean Region. The decision to offer industrial free trade area arrangements on a bilateral basis to individual South Mediterranean states as part of a new set of Association Agreements was the first step in this process. The proposal to merge such agreements into a multilateral southward extension of the European Economic Area is the second. The third will be to renegotiate both the restrictions on agricultural trade, to free it from the limitations of the Common Agricultural Policy and bring it into the free trade

ambit - which the European Commission has agreed to consider - and to reconsider the restrictions on the free movement of people, to parallel that of goods and services. This is most unlikely in the near future, despite the fact that the European labour force is ageing and will not accept unskilled and semi-skilled work.<sup>13</sup>

The explicit objective of these new proposals - and the new types of bilateral agreements have already been signed by Tunisia, Israel and Morocco, with Turkey obtaining its own customs union agreement and Egypt and Algeria seeking to imitate their Maghribi partners - is to provide a basis for accelerated economic growth, so that increased migration will not be necessary. There is also the belief that economic improvement will reduce domestic political instability as thus increase access to direct private foreign investment and to portfolio investment - which is now just beginning.<sup>14</sup> It has to be said, however, that the basic structural problems still remain and the costs of integration may prove to be very high indeed.

Despite the new institutional arrangements, there is still little to encourage the private foreign investor. Physical, institutional and human resource infrastructure is still weak and will take many years to change. Current policies of reducing public sector involvement in the economy will, in any case, slow down change, particularly if the private sector is not prepared to pick up the gauntlet. In addition, the costs of coping with adjustment to the new free trade areas is

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<sup>13</sup> It has been calculated that the European labour force will need to be expanded by 56 million by the year 2030, using migrant labour. Weidenfeld W. and Hillenbrand O. (1994), "Immigration: not a privilege but a necessity", **European Brief**, 2 (3) December 1994.

<sup>14</sup> It is hoped that this will be sparked off by the privatisation programmes now being undertaken widely throughout the region. Direct private foreign investment in such programmes between 1988 and 1993 reached \$325.4 million, out of a world total of \$22.5114 billion. (Sader F. (1995), **Privatizing public enterprises and foreign investment in developing countries 1988-93**, World Bank (Washington); 42.)

Morocco and Tunisia, however, have hoped - vainly to date - that there would be a significant boost to their current levels of foreign investment as a result of their own privatisation programmes - from around \$200 million annually to \$4-500 million in the case of Tunisia and from \$400 million annually to \$2 billion in the case of Morocco. In reality, gains of about half the projected level have been achieved.

likely to be severe, despite the twelve year transition periods proposed (most South Mediterranean countries would have sought a fifteen year transition period, but the Commission is not prepared to tolerate this). Tunisia has estimated that 2,000 companies will disappear and 2,000 other may be similarly threatened, whilst a further two thousand companies will face difficulties. It is seeking \$2.2 billion for the costs of transition designed to avoid the kind of industrial crisis it anticipates, up to 80 per cent of which will have to come from foreign sources. Morocco anticipates that, without significant help, up to 60 per cent of its industrial base could be destroyed by European competition and that up to Dh45 billion (\$5.6 billion) will be required to cover the costs of the transition<sup>15</sup>.

Of course, the situation will never be as bad as portrayed. It is, however, clear that significant increases in foreign aid will be necessary to achieve the structural adjustment necessary if the new free trade area policy is to produce the desired result. In this connection, the doubling of European Union aid in the next Five Year Financial Protocol to Ecu4.67 billion, with a similar amount being made available in the form of soft aid and concessionary loans does not seem to be very generous, since it represents only Ecu2 billion annually for the whole of the South Mediterranean region. It is difficult to avoid the conclusion, however, that without significant amounts of additional official development assistance, given the relative failure of direct private foreign investment, the damage done in the medium term to the economies of the South Mediterranean region may well outweigh the longer term benefits, if any.

## Conclusion

The net result of the new proposals, in short, may not resolve the developmental crisis facing the South Mediterranean region. The Maghrib and the Mashriq, however, have no real alternative. Without sufficient assistance to undertake and complete the essential infrastructural tasks they face - and this must be provided from outside the region, either from private or public sources - they cannot anticipate the economic growth rates needed to deal with their demographic crisis and achieved sustained development. In addition, without appropriate protection during the transition periods, it is likely that export patterns will never be transformed into high valued-added goods of the kind that would allow South Mediterranean economies to compete on more equal terms with Europe. Furthermore, the continued exclusion of South Mediterranean migrants from the European labour market, despite the anticipated shortfall in indigenous labour

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Maghreb Quarterly Report, 19 (June-October 1995); 42



supply by the third decade of the next century, is bound to damage the creation of economic symmetry across the Mediterranean basin. Instead, the Tunisian and Maltese experience of off-shore production for European industry, based on differential wage rate advantages, may become the norm and thus institutionalise regional economic asymmetry within the European geo-economic zone. The alternative to genuine economic partnership may well therefore be that the states of the Southern Mediterranean littoral simply become satellite economies of Europe so that balanced, self-sustained growth there will become no more than a distant, unattainable dream.

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