

**THE EU AND NORTH AFRICA ON ENERGY AND MIGRATION:
WHAT PROSPECTS AFTER THE ARAB SPRING?**

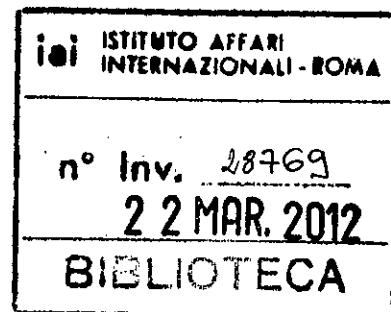
Istituto affari internazionali (IAI)

Paralleli - Istituto Euromediterraneo del Nord Ovest

The German Marshall Fund of the United States (GMFUS)

Rome, 19-20/III/2012

- a. Programme
1. The New Mediterranean: What Role for the EU? (outline) / Peter Frisch (2 p.)
 2. Energy Cooperation of EU and North African Countries (outline) / Marcello Colitti (5 p.)
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 4. Cooperation on Migration: A Human Development Perspective (outline) / Ibrahim Awad (2 p.)
 5. Third Time Lucky? Euro-Mediterranean Energy Cooperation under the Union for the Mediterranean / Hakim Darbouche (in *Mediterranean Politics*, Vol. 16, No. 1 (March 2011), p. 193-211) (16 p.)





International conference

THE EU AND NORTH AFRICA ON ENERGY AND MIGRATION: WHAT PROSPECTS AFTER THE ARAB SPRING?

Rome, March 19-20, 2012

European Commission – Representation in Italy
European Public Space – Conference room
Via Quattro Novembre, 149 (ground floor)

Simultaneous translation Italian/English

PROGRAMME

Strategic partner



Monday, March 19

15.00- 15.15 Welcome addresses

Lucio Battistotti, Director, Representation in Italy of the European Commission, Rome
Gianni Bonvicini, Executive Vice President, Istituto Affari Internazionali (IAI), Rome

15.15- 16.30 First Session

The new Mediterranean: what role for the EU?

This session discusses the emerging geopolitical, social, and economic features of the Mediterranean region in the aftermath of the Arab Spring. It also analyses the current state of play of EU-North Africa cooperation, with particular emphasis on the revision of the European Neighbourhood Policy (ENP), pointing to a potential conflict between democracy promotion policies and cooperation in such areas, as migration and energy. How is it possible to reconcile them?

Chair **Michael Leigh**, Senior Advisor, The German Marshall Fund of the US (GMFUS), Brussels

Speakers **Peter Frisch**, Lead political Economist, Maghreb Department, European External Action Service (EEAS), European Union, Brussels
Ahmed Driss, Director, Centre d'études méditerranéennes et internationales, Tunis

Discussants **Michael Emerson**, Associate Senior Research Fellow, CEPS, Brussels
Atila Eralp, Director, Center for European Studies (CES), Middle East Technical University (METU), Ankara

16.30- 16.45 Coffee break

16.45- 18.00 Second Session

Energy cooperation in the Euromediterranean area

How could energy become the engine of cooperation and integration rather than a source of competition and contrast between the northern and the southern shores of the Mediterranean? The session tackles the state of play of multilateral and bilateral frameworks of cooperation in the energy sector as well as the prospects for South-South Mediterranean energy integration.

Chair **Roberto Aliboni**, Head, Mediterranean and Middle East Department, Istituto Affari Internazionali (IAI), Rome

Speakers **Marcello Colitti**, Vice-president, Arab-Italian Chamber of Commerce, Rome
Hakim Darbouche, Research Fellow, Oxford Institute for Energy Studies

Discussants **Silvia Colombo**, Researcher, Istituto Affari Internazionali (IAI), Rome
Florian Baumann, Senior Researcher, Center for Applied Policy Research (CAP), Munich

18.00 *Bus transfer to the hotel*

19.50 *Meeting in the hotel lobby*

20.00 *Dinner*

Tuesday, March 20

9.00 Bus transfer to the Conference

9.30- 10.45 **Third Session**
Cooperation on migration: a human development perspective

Integrating the human development perspective and the security dimension on migration could help bridge the gap between different interests and priorities across the Mediterranean. The session will discuss the existing mismatch between the national policies implemented by the EU member states and the creation of an integrated Euro-Mediterranean migratory space. What are the challenges that Europe faces when dealing with the control of its external borders in a human rights compliant manner?

Chair **Lucio Battistotti**, Director, Representation in Italy of the European Commission, Rome

Speakers **Philippe Fargues**, Director, Center on Migrations, Robert Schuman Centre for Advanced Studies, European University Institute (EUI), Florence
Ibrahim Awad, Professor of Practice of Public Policy and Director of Center of Migration and Refugee Studies, American University in Cairo (AUC)

Discussants **Stefano Manservigi**, Director General for Home Affairs, European Commission, Brussels
Pasquale Lupoli, Regional Representative for the Middle East, International Organization for Migration (IOM), Cairo

10.45-11.00 Coffee break

11.00- 13.00 **ROUNDTABLE**
The case of Libya: challenges and opportunities in migration and energy

Chair **Giancarlo Chevallard**, President, Istituto Paralleli, Turin

Panelists **Vincenzo Camporini**, Vice President, Istituto Affari Internazionali (IAI), Rome
Hassan Mneimneh, Senior Transatlantic Fellow, The German Marshall Fund of the US (GMFUS), Washington, DC

Emanuela C. Del Re, University Niccolò Cusano of Rome; Chair of EPOS Intl.
Mediating and Negotiating Operational Agency

Amal Obeidi, Associate Professor of Comparative Politics, Department of Political Science, Faculty of Economics, University of Garyounis, Benghazi

Marcello Colitti, Vice-president, Arab-Italian Chamber of Commerce, Rome

Open debate

13.00- 14.00 Buffet lunch

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European Commission – Representation in Italy

Outline on

**THE NEW MEDITERRANEAN: WHAT ROLE FOR
THE EU?**

by

Peter Frisch

Lead political Economist, Maghreb Department,
European External Action Service (EEAS), European Union, Brussels

1. The new Mediterranean

What are the reasons behind the social protests ('Arab democratic wave', 'Arab spring') in the Middle East and North Africa (MENA) region? What are the possible implications for the societal systems of these countries and what should the EU do or avoid doing? First indications on mobility and energy cooperation are presented.

In the wake of Ben Ali's, Mubarak's and Gaddafi's ousting, autocratic Arab leaders in the MENA region are reacting to nascent or ongoing demonstrations in their countries. Armed conflict in Libya, protests in Algeria, Egypt, Syria, Tunisia and Western Sahara, and some unrest in Morocco all hint profound socio-economic dissatisfaction.

The region is witnessing an increasing number of people living in poverty as there is a high inequality in national income distribution; the poverty headcount ratio (\$ 2 a day, PPP, % population) is around 25 in Central Maghreb countries. A high portion of the population lives close to poverty threshold, which makes them vulnerable to poverty (through small reduction of income or small increase in price of basic goods). The sustained level of unemployment across the region is one of the reasons for the persistently high proportion of people living in poverty: Almost two third of the working age population is unemployed, underemployed or inactive. Youth unemployment, including graduates, is particularly high, ranging from 18 (Morocco) to +/- 50 % (Algeria). Most jobs in the past decade have been created in the informal sector (poor quality subsistence jobs with no social security).

The indicators of economic participation, educational attainment, health condition and political participation point to a significant gender gap. None of the regions' countries make it to the top hundred in the 2011 World Economic Forum Global Gender Gap report that examined 135 countries. Education levels of women have improved substantially and young women are more likely to be better educated than their mothers. However, increased education has not led to higher activity and employment rates for women: Only one of four women is in the labor market.

The coexistence of economic insecurity, enhanced expectations and unaccountable governance has widened the gap between ruling elites and society and lead to the protests. But the fall of the Arab regimes cannot be predicted systematically. There is no guarantee that the will of the people will overcome the well-practiced ability of some regimes to resist change. Whatever the outcome of these social unrests will be, they seem to reflect an in depth change of societal systems. Today, autocratic regimes are no more shields against Islamism, but a third democratic values oriented path (Secular and moderate Islamists), seems to emerge.

The democratic revolutions in the Maghreb have had a direct impact on the EU. The number of migrant/refugees from North Africa attempting to reach Europe via the Mediterranean has dramatically increased at the beginning of 2011.

2. What role for the EU?

The failure of the authoritarian model calls for an overhaul of the European Neighbourhood policy in place since 2004 (cf. Communications 8.3.2011 and 25.5.2011). Based on the principle of differentiation and mutual accountability, the EU is committed to offering more support to those countries that make greater commitments and greater progress towards democratic reform. Political reforms have been reinstated as a major priority in order to assist pro-democratic forces. It is true that all important cooperation areas, also in this respect, are listed in the initial European Neighbourhood Policy documents. However there has been a lack of focus and implementation problems in the past.

The EU needs to deal, as a matter of priority, with the socio-economic situation. It should offer to make available its 'know-how' on all critical areas of the democratization process. It should attach realistic and jointly agreed conditions ('more for more') to its cooperation assistance. The EU should make an effort of public diplomacy and reaching-out with its partner countries, including the civil society, explaining its policies and cooperation instruments. Today, we accept the role of political Islam in the democratic processes of the respective countries and have an open minded attitude towards parties who comply with the rules of constitutional politics (this also applies to acceptance of results of elections). The EU should follow closely the groups taking responsibility in the new governments after fair elections to make sure that they are inclusive and representative in decision-taking as opposed to the former autocratic regimes. At a certain stage, it might be appropriate to think about a new generation of association agreements open to countries undergoing democratic transition, to boost mobility partnerships, energy cooperation and further trade liberalization (agricultural products). The three 'Ms' are mentioned by the EU institutions: 'Market, money, mobility'. Mobility partnerships provide the comprehensive frameworks to ensure that the movement of persons between the EU and a third country is well-managed: the launch of negotiations with Morocco, Tunisia and Egypt is under preparation. Energy cooperation will be stepped up through increased energy policy dialogue aiming at further market integration, improved energy security based on converging regulatory frameworks and the development of new partnerships. Regional energy cooperation will concentrate on solar energy infrastructure, interconnection of infrastructure and market integration. Maghreb integration is a key objective, considering that the 'costs of the Non-Maghreb' are too high.

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Outline on

ENERGY COOPERATION OF EU AND NORTH AFRICAN COUNTRIES

by

Marcello Colitti

Vice-president, Arab-Italian Chamber of Commerce, Rome

Draft, not to be quoted

I will deal with energy and energy cooperation, which in a way is like saying cooperation between seller and buyer, which is not exactly an easy thing. Moreover, the relations between North Africa and Europe are to day complicated by the great South –North migration, which is now a most compelling problem.

The North African Countries

The North African countries are at least as different among them as the Southern European Countries, and it may be difficult to deal with them as a group. Some North African countries share with European Countries, and especially with Mediterranean European Countries, a serious migration problem: mainly Libya, Tunisia, and, perhaps less, Algeria, and Morocco. Some are both transit areas and sources of migrants.

Egypt does not seem to be in the same situation.

The Oil Countries

Two North African Countries, Algeria and Libya, are oil and gas exporters. In 2010 Libya exported 1.5 million barrels a day and Algeria 1.2 mbd for a total about 2.7 mbd. In 2011 Libya fell to 450 thousand barrels per day, while Algeria kept its position with 1,28 mbd. Libya will be back to its full potential in the current year. Both countries are connected with gas pipe line to Italy, and export gas to Italy. Both countries enjoy a relevant income from oil and gas sales.

Egypt also used to export oil, about 750 thousand barrels per day in 2010, but it seems that the imports of oil products are to day so high, that the country is a net importer of oil and oil products. The country also exports liquefied natural gas.

The common institutions

These countries are members of some specific International Institutions.

The two oil exporters, Algeria and Libya, are both member of OPEC. They followed a similar strategy, basically of high price, and are classified as hawks, both in price policies and in the agreements with international companies. Both countries produce light oil, which is more valuable than the heavy one. However, because of a large difference between the two countries in population, the oil money may play a more important role in Libya than in Algeria.

Egypt is not a member of OPEC, and has an “opportunistic” price strategy.

The Arab oil producing countries are also members of OAPEC, The Organisation of Arab Oil Exporting Countries, which is housed in an extraordinary beautiful building in Kuwait, and would be qualified to take some initiatives on the matters we are discussing. As we will see, it was OAPEC which participated in the Great Interdependence Study Project in the '80s with ENI.

North African and Mediterranean European Countries are members of OME, Observatoire Mediterranéen de l'Energie, which Michel Grenon and me started after he completed his famous study on the Mediterranean economy, Le Plan Bleu. This Institution works on the interconnection of the national electric grids, and to insert element of common planning in the countries' programmes. OME is already an important factor for a better coordinated strategy for common development. A stronger role would probably be desirable, requiring perhaps an higher level of commitment of the European Countries, which are OME's founder members, and may have the necessary human resources. OME has just published a paper on Energy called “20 years of OME: Linking the Mediterranean for more than twenty years” which is quite informative.

How to spend the oil money

An important matter for any oil country is how and on what to spend the oil money. It seems to me likely that in the near future the oil price will keep its tendency to grow, because of speculation on the futures market, and of strong demand from emerging countries, like China and India. The income of the oil countries will therefore tend to increase, and the countries will have to define how to use these riches, and how to make them serve the country, and not the country serving them.

Up to now, the experience of the oil countries has been not always positive, some having put all their economic life on the oil business, and feel very bad at every reduction of the price; and some other being unable to use the oil money for the development of the country. The use of oil money must be democratically defined and controlled, in order to avoid creating situations of excessive dependency, or worse, the creation of "oil lords" who get to be superior to the Republic .

Libya has a distinct situation. It is the ninth country in the world for the size of its oil reserves, which are estimated 46.420 million barrels. The Country is now at the starting point of a new history, and must take the decisions that the previous regime did not take. The country has all the possibility to use correctly the oil money in order to create a modern economy, based on an equal position of the citizens of the country.

In all the three producing countries the relationship between the Government and the Oil Companies are run quite as a matter of fact, and the oil companies are interested in both of them. There is, therefore, the usual kind of cooperation between the two, which basically need each other to work effectively.

A little bit of history: an early attempt at North South Cooperation based on oil

As we have said, cooperation between buyer and seller may produce maximum positive effect, maximising the interest of both of seller and buyer : in reality the matter is not that easy.

Speaking of a common platform for European and North African Countries, we might go back in time, and remind ourselves of the exhaustive study performed by Arab and European economists and presented in 1981, about thirty years ago, in Rome, to a large international meeting, the "Seminar Between OAPEC (not OPEC) and South European Countries", financed by ENI, and also by OAPEC. The Interdependence Model compared non-cooperative versus cooperative strategies of both producers and consumers of oil, and concluded that the second option was by far the best. Price of oil and investment in the oil countries, and in their poorer relations, could be optimised for maximum common economic development . The European Countries would open their market to agricultural and craft products from North Africa, and the general effect on income would be optimal for both the two areas, as well as for the oil producing countries. The surplus population would be absorbed in the development of agriculture, and the ugly phenomenon of mass migration (which almost did not exist at that time, and was not considered) would never appear. The "Rome Meeting" was a great success, and –of course–was immediately forgotten. European Governments were not prepared to embark in such a daring, long term policy, for fear of reducing too much each single Country's area of political initiative. The oil producers were still hoping, against any logic, to keep the very high prices, which had already seriously reduced the call on OPEC. The US response was –unofficially– strictly negative: at that time they refused any cooperation with OPEC countries. Moreover, the price of oil was collapsing on the decision of Saudi Arabia to abandon the by now impossible level of OPEC prices, and to sell its oil to the open market. The opportunity was lost, perhaps forever. The files, kept in the seat of OPAEC in Kuwait , were destroyed by the looting Iraqi soldiers.

I don't think that what happened years ago should discourage us. Quite the contrary.

Let's try to think again at the idea of cooperation under present circumstances

1. The main engine of the economy of the oil producing countries is the money coming from the production and export of crude oil. Oil is "depletable", although in the long term, and, in principle, the oil money should therefore be used not to finance internal demand, but to create new sources of income : that is, it must be invested. It may be of course necessary and urgent to reduce discomfort and misery in certain areas or social groups, but the basic principle should be that oil be used to create new sources of income, by financing both infrastructure and productive equipment. We have here a strong argument in favour of agriculture.

2. The money invested in agriculture is usually beneficial everywhere.

First of all, it shapes in a way or another the very earth on which we stand. It consolidates the soil, and usually creates a pleasant place in which to live. One may take the example of the Tuscan Hills, which were shaped by the peasants, who found the optimum way to operate on them , and shaped them in the way we see them now, and we wonder about their beauty. And those hills do not stop producing fruits, food and drink, permanently improving the quality, and increasing the volumes obtained from them. The same can be said of the Po Valley, that was conquered inch by inch from the River Po . This should be a primary task for any country having desert areas, which must be contained, and eventually reduced. And, to day, science and machinery would produce result much faster than in the past .

Second, investment in agriculture creates basic infrastructure, e.g. the network of small roads or local railways to bring the produce to the market .Modern agriculture is basically energy intensive, but still requires a lot of workers, especially in the first years, when fields must be created, and water provided.

Moreover, the development of modern agriculture creates a demand for mechanical equipment and therefore stimulates the creation of companies producing it. Such equipment is not too sophisticated, and can be produced in small series. This was, for example, the major force in the industrialisation of the Po Valley in Italy, after the fifties of the last century. Of course, the machinery must be adapted to the number and the quality of people willing to work there.

Investment in Agriculture would do a lot of good to oil rich countries in North Africa, and could, in a number of cases, absorb in the new projects at least a part of the migrating people. Those countries could work on the development not only of the Mediterranean Belt, but also on other areas, which may be reached by an extended, or local, water systems.

3. To day a strong flow of migrants moves from Africa to Europe , partly originating from middle Africa , and partly from North Africa Countries, which are crossed to reach Europe. The flow, induced by the colossal difference in the standard of living in the two extremes, will not abate simply because countries close their frontiers. Police operations have been clearly insufficient to stop it. The whole flow is illegal, and therefore impossible to stop with police controls.

It may seem that the flow was somewhat reduced in the last year, probably because of the financial and economic crisis of Southern European Countries, but it will resumed, if and when the European economy starts growing again. To day, many of these countries are in an economic situation that won't absorb a steady high level inflow of migrants. According to figures just published (IHT February 17, 2012) the young generation (15 to 24 years of age) find it extremely difficult to get jobs in many European countries. In two of them, Spain and Greece, about 50% of the young workers of both sex is unemployed; in Italy it is about 32%, France 25%, and Britain 22%. Netherlands, Austria and Germany are around ten per cent. These figures are partly due to the present recession, induced by the harsh penalties imposed by European Commission on indebted countries, but I suspect that there is a structural pattern. Industrial and Service Companies don't hire in a recession, and if they do, they prefer to poach from other companies , rather than hiring young

people without experience. And this is now an habit, and, probably, at the end of the recession the rate of young men's unemployment may be perhaps somewhat reduced, but not cancelled. It seems to me that opportunities have shrunk to very little for immigrants, although totally unqualified jobs may still be available.

4. Perhaps an effort should be made to settle at least part the migrants, before they reach the seaside. Migration is an epochal movement which can only be moderated, and perhaps reduced, by a similar epochal operation of containment that would stop some of the people by offering them work. The idea might appear naïve, easy to say and impossible to implement. However, I can't imagine any other way to contain it.

North African countries still have a strong potential to develop agriculture, and a strong interest to do so, even independently from the possibility to absorb part of the flow of people coming from South, to reach Europe by crossing the North African States.

The concept would need quite a large supply of energy, first for irrigation, second for working equipment, and for the first treatment of the produce, including the necessary refrigeration. Plants for shipping liquefied natural gas do need refrigeration in large supply.

Of course, agricultural development requires investment. It needs a very detailed network of roads or railway, to collect the produce and send it towards the seaports, where one could imagine the treatment may be performed before shipping. There may be problems related to the property laws, which may be revised so that the effort of the peasant is actually remunerated, and not completely absorbed by the trading intermediaries or by the landlord. Moreover, and a matter of first importance, the immigrants must not be considered like slaves, but as workers who can expect to be paid for their work. There must be a network of agricultural experts to advise the peasant on the choice of production techniques, and of product, which must be acceptable to European consumers.

5. European Countries could, on their side, share the objective of such an agricultural development in North Africa. They have a long experience in agricultural development, and of water planning and control, and should put their experience and also some of their capital in some of the projects. In any case they would fully open their markets to agricultural products. To reduce problems of competition with European agriculture both sides would try to specialise on products related to the conditions of the various areas. So, such a project requires a definite cooperation not only of Southern Europe, but of all Europe, which is an open market.

6. Of course, proposing something does not mean that the project may in fact be realistic. The main problem is the possibility of accepting an inflow of foreigners to settle in any country. The thing would perhaps be possible if the drive to agriculture is shared by the citizens of the country, the migrants being welcome to start with the lower jobs, with the possibility to climb up for the best workers. In any case, a country with a large share of desert must tackle the problem of the desert, and to try to create a better place to live. Some of the oases are historical settlements, which may very well be modernised without destroying what remains of the past. On the other hand, the European Countries have their own interest in reducing the inflow of migrants to a more manageable size.

7. A second area of development is tourism, already well developed in countries like Tunisia, but not elsewhere; it never existed in Libya. It is an important option, very attractive, which may however needs to be taken with prudence, in order to avoid the negative effects which are so visible in Europe. Libya is the country of the Central Mediterranean that has more Greek and Roman memories. It has those great remains of past civilizations, a very clean sea, and the fascination of the desert. It is quite near to Europe, and it has never been open to tourists. The flow of tourists may

however be overwhelming, and change the face of the country and the habits of its people. The tourist is not in conditions to understand the effect of his presence, the crowding of the best areas, the decadence of the traditional crafts, etcetera. A road that can be taken with a clear idea of the risk, for example, choosing to follow a "quality tourism" rather than a "mass one". That business needs qualified operators, who must be able to deal with people, and their unusual request, speak their languages, etcetera. In fact tourism would not absorb unqualified labour, which is on probably a large part of the migrants moving towards Europe.

8. Finally, the European Countries have a large area in which they should participate actively, in a way on another as co-operators and in some cases perhaps also as leaders. They should take the initiative to create a general interest in the projects like getting solar electricity from the desert. This particular area is of such an importance that it should in any case be made into a common effort. A common structure should be created to complete the technological and environmental aspects still extant. The oil countries do not need to worry about it, as oil is basically for transport - by land sea or air - and electricity is increasingly produced from gas, coal, water, or nuclear, and not oil. And selling electricity would nicely increase the inflow of money into the North Africa.

In conclusion

The oil countries of North Africa know very well that oil is "depletable", and therefore the money coming from it should be directed to investments, that is, the creations of new sources of income production. Among the various options, that of Agriculture, if properly developed with all the scientific supports available, will improve the territory, and stabilize in new agricultural areas also a part of the flow of migrants.

The cooperation with the European Countries must be realised in agriculture and care of the territory and on the full opening of markets, but also on big projects in energy, mainly to utilise the large number of sunny hours in the day, and the strength of the sun. The present economic situation is not great in Southern Europe, but it will eventually improve and the possibility of a Common Plan for the Development of the Mediterranean Region, I hope, will not be forgotten.

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**COOPERATION ON MIGRATION: A HUMAN
DEVELOPMENT PERSPECTIVE**

by

Philippe Fargues

Director, Center on Migrations, Robert Schuman Centre for Advanced Studies,
European University Institute (EUI), Florence

Draft, not to be quoted

Combining development and security in one single policy framework on migration in the Euro-Mediterranean space means taking into account a series of elements.

1) Migration is thought to foster development at both ends. At the receiving end, it brings workforce and skills and sometimes also networks that increase productive capacity. At the sending end, it brings financial capital, and it can also strengthen human capital, foster ideational remittances and help in building social capital. These positive outcomes are favoured by the successful integration of migrants in the host society (in particular a rewarding economic activity) and their continuing and good connection with the source society (so that they remain actors in their country of origin).

2) Migration can become a threat to security if certain conditions are not fulfilled. It can undermine the security of the receiving country: its national security if migration is illegal and escapes the control of the receiving state, and its social cohesion if migrants are not included in the host society and withdraw into communitarianism. It can also undermine, at least to a certain extent, the security of the sending country: economic security if emigration creates critical labour shortages; state security if migrant communities serve as bases for political opposition; and civil security, of course, if controlling migration is used as a way to control the population

3) In the Euro-Mediterranean space, lessons must be drawn from the Arab Spring to allow integration in the host society, connectedness with the source country and control over migration flows to work in synergy, achieving development through migration while maintaining security.

- First, emigration and the revolts are linked as they represent two complementary responses among young adults whose aspirations, fostered by education, have been frustrated, economically by unemployment and by the low return on their educational attainments, and politically by authoritarian regimes with authoritarian measures.
- Second, social and political movements in the Arab world can be expected to affect migration over the medium term: if the revolts produce regimes that are responsive to peoples' demands and install trust, emigration will gradually slacken and some return migration will take place; the opposite must be expected though if revolts stall and fail to provide economic security and freedom.
- Third, so far the revolts did not produce more migration from Arab countries to Europe, with the exception of a short-lived surge in emigration from Tunisia in spring 2011 due to the temporary disorganisation of local police.
- Fourth, before the revolts broke out, containing irregular migration by sub-contracting to anti-democratic Arab governments the remote control of entry into the Schengen area, had led European states to close their eyes on these governments' serial violations of human rights.

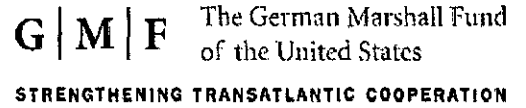
Given the linkage between migration and protest, a successful Euro-Mediterranean policy on migration needs to address not only the state perspective, but also that of young people who are the potential migrants and who often distrust their government: employment, education, the acquisition of skills and the promotion of migrants' rights must all clearly be key words. But if migration is to foster development, then pro-active integration in the host society and freer circulation with the source country are also crucial elements.

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**COOPERATION ON MIGRATION: A HUMAN
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by

Ibrahim Awad

Professor of Practice of Public Policy and Director of Center of Migration and Refugee Studies,
American University in Cairo (AUC)

Draft, not to be quoted

From the concept of human development, this intervention will focus on building, benefiting from and using human capital. It will discuss the current situation and the policies that could enhance the contribution of human capital to development and growth through migration. The intervention will also take up the relationship between policies for migration and security concerns. This is a perspective from the southern rim of the Mediterranean on the above issues.

Education for girls and boys was expanded after the independence of Arab Mediterranean countries. But they remained unemployed after graduation. Near perfect correlation between education attainment and unemployment rates has been registered in the last decades. Unemployment was even higher when jobseekers were young. The result was that migration flows to Europe in the 1990s and 2000s were to a large extent made of young, educated to highly-educated, workers. Women increased in numbers among these flows. Migration reduced the number of jobseekers, was a relief at the individual level, but unemployment rates remained high. With their labour forces growing at even higher rates, it has become obvious that migration is not a solution to the employment question in North African countries.

But while migration rates are low with regard to new entrants to labour markets, they are high among the highly-skilled workers. Thus, migration cannot significantly relieve pressures on labour markets, yet it drains the human capital formed in countries on the southern rim of the Mediterranean. Obviously, scarce financial resources were invested in the formation of this human capital. All approaches emphasize at present the importance of human capital for development.

Policies aimed at remedying this negative situation in North African countries need to be based on the recognition of the benefits of migration for countries on the two shores of the Mediterranean. An unbalanced presentation and interpretation of migration cannot be the foundation of good policy. Demographic complementarity, on the one hand, and mismatch between labour supply and demand in European countries, on the other, provides justification for migration.

Policies should aim at expanding the supply of highly-skilled workers in countries of the southern rim of the Mediterranean. Education and training policies should be put at the service of this objective. Research and education programmes of the EU should be opened to Arab youth. Concerns over security may be expressed. But successful policies always involve a minimum of

risk. By increasing the numbers of highly educated youth, migration rates would be reduced. The supply of highly-skilled labour domestically would not be affected.

Policies should also deal with the demand side in North African countries. Demand for highly-skilled labour should be enhanced. This requires contribution to modernizing economic structures so as to shift to high-productivity, high value-added, industries and services. At the time this in itself means development, these industries would yield higher wages and income, thus retaining highly-skilled workers in their countries of origin.

High-productivity, high-value added industries and services will not be at the expense of similar activities in the EU. It should not be forgotten that the highest exchanges in goods and services exist between industrialized countries with similar structures of production.

It is very encouraging that the conference program envisages cooperation on migration from a human development perspective. In fact, cooperation on migration needs to extend further to encompass trade and industrial policy. The realization that migration cannot be addressed from a pure migration, in the sense of entry and exit, perspective is a great step forward. It needs to be built upon.

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Third Time Lucky? Euro-Mediterranean Energy Co-operation under the Union for the Mediterranean

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ABSTRACT *Energy co-operation has appeared as a priority area on the EU's Mediterranean policy agenda since the promulgation of the Euro-Mediterranean Partnership (EMP) in 1995. The Union for the Mediterranean (UfM) has pledged to do more than previous policy frameworks in the area of energy co-operation, and has specifically identified renewable, particularly solar, energy as a possible catalyst. This study aims to assess the prospects for Euro-Mediterranean energy co-operation within the framework of the UfM. To this end, it will examine the reasons behind the failure of both the EMP and the ENP to achieve meaningful progress in their equally sanguine enunciated policy objectives in this area, comparing their respective approaches with that of the UfM. It will be argued that the prospects for Euro-Mediterranean energy co-operation under the UfM will hinge more on the shifting priorities of European consumers and SMC producers, informed in particular by concerns over climate change, the need to diversify sources of primary energy supply and the depletion of proven conventional fossil fuel reserves, than on the attributes of the UfM per se.*

European concerns over energy security have invariably been fuelled by Europe's dependence on external sources of oil and gas supply to meet its energy needs. Today, the European Union is the world's biggest importer of primary energy and its second largest consumer after the United States. As this dependence is projected to grow steadily in the coming years¹ – even in light of the adjusted demand forecasts imposed by the economic recession – a sense of urgency amongst EU policy makers has put energy security at the heart of recent EU foreign policy initiatives. Indeed, a number of global and interrelated energy market trends have highlighted the need for a strong and coherent EU external action to complement its internal energy security policy agenda. These include the concentration of conventional fossil fuel reserves in and around a handful of unstable countries and regions of the world; growing global demand and competition for access to these reserves, particularly amongst the

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emerging economies of Asia and the Middle East; rising global energy prices; and the perceived politicization of energy trade by some major producers.

Europe's sense of energy vulnerability was exacerbated in recent years by the assertive course of action adopted by its single most important supplier of oil and gas, Russia. The revival of the energy industry in Russia since the late 1990s coincided with reconfigurations of domestic and international power relations, leading to a review of foreign policy priorities, including in the energy realm, on the part of Moscow. This renewed determination set Russian policy makers on a collision course over energy relations with their counterparts in Ukraine and Belarus notably, and, through both these important transit countries, in EU countries. When Russia's Gazprom decided in January 2006 and again in 2007, 2009 and 2010 to cut gas supplies to these countries over pricing and transit disputes, causing disruptions to the flow of gas to EU consumers, European political and industry leaders woke up to the most sobering alarm signals regarding the EU's energy import dependence.

In their corresponding strategic rethink of energy policy, EU policy makers pointed unsurprisingly to the increasing dependence on imports from unstable regions as a serious risk, and identified the need for diversification of suppliers as a key component of the more 'coherent external energy policy' that the Community needed to deal with new energy challenges. In this context, the strategic importance of North African fossil fuel supplies to Europe's growing demand and anxiety became increasingly evident. North African energy exporters (Algeria, Libya and Egypt) had hitherto played a crucial role in the development of European energy markets, particularly gas, and enjoyed what is characteristically described as stable and reliable energy relations with EU member states. More recently however, louder recognition of their potential regional role in energy security has been voiced in EU strategic policy deliberations, with officials in Brussels asserting rather optimistically that by 2013 the southern Mediterranean could be as important for Europe as Russia in terms of energy supply. This renewed interest is reflective not only of the EU's sense of urgency, but also of the fact that North Africa's growing hydrocarbon resource-base remains relatively underexplored, particularly in Libya, which has recently returned to international normality.

Yet, despite the complementarity and interdependence underpinning Euro-Mediterranean energy relations, efforts to institutionalize regional market structures have remained subdued. While earlier European initiatives such as the Euro-Arab Dialogue and the Global Mediterranean Policy, introduced in the 1970s (partly) in response to the first oil crisis, failed to initiate meaningful regional energy co-operation mainly as a result of the EC's institutional shortcomings, more recent attempts since 1995 have generated little more political engagement in regional energy issues despite their improved configurations and loftier ambitions. Both the Euro-Mediterranean Energy Partnership (EMEP) – part of the broader Euro-Mediterranean Partnership – and the European Neighbourhood Policy (ENP) have had a conspicuously hard time in their attempts to institutionalize energy dialogue between European consumers and southern Mediterranean producers, and to lead to the approximation of normative and strategic energy priorities on both sides.

Indeed, regulatory frameworks north and south of the Mediterranean remain far from convergent on important issues such as liberalization, and major energy decisions are often perceived to lead to sub-optimal outcomes in terms of regional energy co-operation and integration in the Mediterranean.

However, the UfM seems to have introduced a novel approach to Euro-Mediterranean relations, which extends to the energy sector. Architects of the new EU Mediterranean policy initiative have, alongside new institutional arrangements (see Bicchi, this collection; Holden, this collection; Johansson-Nogués, this collection), placed technical co-operation and 'concrete projects' at the heart of their enterprise, hoping to circumvent through a more functional approach (see Bicchi, this collection) the endemic macro-political obstacles that have traditionally impeded the advancement of co-operation in the region. More specifically, the Mediterranean Solar Plan (MSP) has been proposed as the key component of the UfM's energy dimension, with the aim of capitalizing on the region's renewable energy potential to foster sectoral co-operation.² How straightforward will the implementation of this project be, and how likely is it to succeed in serving as an impetus for regional energy co-operation?

This study aims to assess the prospects for Euro-Mediterranean energy co-operation in the context of the UfM, focusing on the medium- to long-term outlook. To do so, it will revisit the main components of energy co-operation under both the EMP and the ENP, highlighting the main differences between all three initiatives as well as their strengths and weaknesses. In doing so, it will focus on the EU's relations with the main petroleum-exporting Southern Mediterranean Countries (SMCs) of Algeria, Libya and Egypt, as it has traditionally been with producing countries that a meaningful level of regional energy co-operation proved difficult to attain (Escribano, 2010). This contribution will argue that the UfM's energy co-operation component is likely to yield more concrete results than its predecessors, but that it will owe its relative success to the stakeholders' shifting priorities as imposed by global energy trends (climate change, growing domestic energy requirements in southern Mediterranean producers and 'peak oil' concerns), more so than the attributes of the UfM per se. Finally, in line with the framework of this collection, some conclusions on the functionalist emphasis of the UfM will be drawn.

Energy Co-operation under the EMP

Differences between the EC member states as well as inadequate Community policies continued to militate against effective European co-operation on Middle Eastern energy security issues until the early 1990s,³ despite the concerns triggered by the policy decisions of the region's producers in the 1970s and the US's corresponding push for the creation of a strong energy consumers' front as a counterweight to the Organization of Petroleum Exporting Countries (OPEC). It was not until the EMP project entered its conception phase (1993–95) that institutionalized energy co-operation was concretely envisaged by the EU and formally proposed to SMCs. The new European approach to Euro-Mediterranean energy relations was encouraged

not only by a broader, more favourable regional political context, but was also a by-product of the incipient debate on post-Maastricht EU energy policy (see European Commission (1995a, 1995b)).

In the run-up to the 1995 Barcelona conference, relevant EU pronouncements explicitly identified energy as an area of interdependence, interest and necessary policy action in the Euro-Mediterranean context (European Commission, 1994, 1995c). In similar vein, the Barcelona Declaration (2005) 'acknowledge[d] the pivotal role of the energy sector in the economic Euro-Mediterranean partnership' and set out to 'strengthen [regional] co-operation and intensify dialogue in the field of energy policies'. However, though evidently important in the eyes of the architects of the Barcelona Process, energy co-operation was not considered as primary and immediate an objective of the fledgling EMP as were issues relating to the Middle East peace process, migration, security and political reform.⁴ This relative lack of emphasis was certainly caused by the slack petroleum market conditions prevailing at the time. Nonetheless, nominal recognition of the importance of energy as an area of regional co-operation reflected the same long-term outlook within which the new overall EU Mediterranean strategy was nested, pertaining in this particular area to the importance of the region not only in terms of hydrocarbon reserves (Tables 1, 2), but also as a transit point for energy supplies from places like the Gulf and the Caucasus. The latter aspect meant that political and socio-economic stability in SMCs was all the more essential from an EU energy security perspective.⁵

Following up on the tone set by the Barcelona Declaration and other Euro-Mediterranean energy meetings before it,⁶ the European Commission put forward a programme of action for the implementation of the priorities of the proposed Euro-Mediterranean energy partnership (European Commission, 1996). The centrepiece of this programme was to be a regional energy forum of European and SMC energy officials,⁷ which has since become the main vehicle of energy co-operation in the Mediterranean, along with the Euro-Med energy ministerial conference. The main function set by the EU for the Euro-Mediterranean Energy Forum (EMEF) has been to facilitate the reform of the energy regulatory and legislative frameworks of Mediterranean partners as well as their relevant industries, with a view to developing consistent policies and pave the way for more investment and the eventual integration of energy markets in the region. These were to constitute the main objectives of the periodic action plans which the EMEF regularly proposed since its official establishment in 1997.

Over the course of the following decade, three action plans were adopted by Euro-Med energy ministers within the context of the EMEP. The first blueprint covered the period 1998–2002; the second concerned the period 2003–06; and the more recent one deals with 2008–13. The underlying priority objectives of these work programmes build upon the normative and strategic foundation outlined in the second meeting of the EMEF in Grenada in 2000. Though the focus of specific action plan priorities varied slightly, their guiding objectives have remained the convergence of the energy policies of the EU and the Mediterranean partners, the integration of the Mediterranean energy markets and strengthening competition

Table 1. Mediterranean natural gas data (in billion cubic metres)

	1995			2000			2005			2009		
	Reserves	Production	Exports	Reserves	Production	Exports	Reserves	Production	Exports	Reserves	Production	Exports
Algeria	3,700	59	38	4,520	84	64	4,500	88	65	4,500	81	53
Egypt	650	12.5	0	1,430	21	0	1,900	42.5	11	2,190	63	18
Libya	1,310	6.3	1.5	1,310	6	0.8	1,320	11.3	5.4	1,540	15	10
Rest of the Mediterranean*	540	21	0	440	21	0	400	16.6	0	180	16	0

Notes: Production and exports per annum. *Reference mainly to Syria, Italy and Tunisia.

Sources: BP Statistical Review of World Energy (2010) and OPEC Annual Statistical Bulletin (2010).

Table 2. Mediterranean crude oil data (in million barrels)

	1995			2000			2005			2009		
	Reserves	Production	Exports	Reserves	Production	Exports	Reserves	Production	Exports	Reserves	Production	Exports
Algeria	10,000	1.3	1.1	11,300	1.6	1.4	12,300	2	1.8	12,200	1.8	1.5
Egypt	3,800	0.9	0.4	3,600	0.8	0.1	3,700	0.7	0	4,400	0.7	0
Libya	29,500	1.4	1.1	36,000	1.5	1	41,500	1.8	1.3	44,300	1.65	1.1
Rest of the Mediterranean*	3,800	0.6	0	3,600	0.6	0	4,400	0.6	0	4,000	0.6	0

Notes: Production and exports per day. *Reference mainly to Syria, Italy and Tunisia.

Sources: BP Statistical Review of World Energy (2010) and OPEC Annual Statistical Bulletin (2010).

within them, and the promotion of renewable energy sources in the framework of sustainable development (see Council of the European Union, 2003). For instance, the priorities of the current EMEP action plan are 1) ensuring the improved harmonization of energy markets and legislations and pursuing the integration of energy markets in the Euro-Mediterranean region; 2) promoting sustainable development in the energy sector; and 3) developing initiatives of common interest in key areas, such as infrastructure extension, investment financing and research and development (Council of the European Union, 2007).

Concretely, the EMEP has over this period seen the allocation of some €55 million by the European Commission in support of a number of regional projects aimed at contributing to the realization of the partnership's goals.⁸ The European Investment Bank (EIB) has also provided some €2 billion in loans to support energy infrastructure priority projects, notably to complete electricity and gas links in the Mediterranean (European Commission, 2006a). These include the Arab Gas Pipeline, the Medgaz pipeline, the Gas Interconnection Turkey–Greece–Italy, and various North–South and South–South electricity interconnections. Though not entirely insignificant, the financial aspect of the EU's commitment to energy co-operation in the Mediterranean remains insufficient considering on the one hand the strategic importance of some of the projects and on the other the considerable financial involvement in these very projects of industry actors, national governments and international financial institutions.

Surprisingly, the EU's approach to Euro-Mediterranean energy co-operation within the framework of the EMEP seems to have evolved relatively little. If anything, its commitment to promoting collaboration with SMCs in this strategic area appears to have at best stagnated. Strategic EU policy pronouncements on the direction of the EMP at different phases of its life-cycle either placed less emphasis on energy issues than previous avowals or simply reiterated their content, suggesting formal satisfaction with the results achieved hitherto. The European Commission's (2000b) communication on 'Reinvigorating the Barcelona Process' after five years of its promulgation paid more attention to issues relating to the Middle East peace process, the negotiation and ratification processes of association agreements, stalling reforms in SMCs, and the visibility of the Partnership at grass-root levels. Energy only received passing mention alongside other sectoral issue areas such as transport, telecommunication and water. But in an attempt to duly reposition energy in this apparent pecking order, the EC outlined the following year its plans to enhance Euro-Med energy co-operation so as to take account of the fact that the energy sector in SMCs required 'radical adjustments' (European Commission, 2001). However, this appeared to be a half-hearted effort on the part of the EU as it only amounted to a restatement of the existing priorities of the EMEP. By contrast, broader EU policy declarations such as the Common Strategy on the Mediterranean and EU Strategic Partnership with the Mediterranean and the Middle East barely acknowledged the importance of energy for Euro-Mediterranean relations and the need to develop a more adequate co-operation framework (Council of the European Union, 2000, 2004).

The attitude of energy-exporting SMCs towards the EU's proposed energy partnership was understandably welcoming at first.⁹ Algeria, for instance, sought to highlight both its existing energy role and potential by way of carving out a meaningful partnership with the EU and assume leadership among SMCs in the context of the prospective EMEP – all in order to break its debilitating international isolation at the time. Other SMCs like Egypt had a genuine 'apolitical' interest in such a partnership, which it perceived as a source of technical and financial support for its emerging gas industry and growing power sector. However, the interests of the gas-exporting SMCs in particular were somewhat betrayed by the EU's Gas Directive, which was introduced in 1998 and entered into force two years later for the purpose of liberalizing the internal gas market. The ensuing grievances expressed by the EU's partners related not only to the perceived unfairness and discrimination to producers inherent in European gas liberalization,¹⁰ but also – and most emphatically – to the uncooperative approach adopted by the European Commission in the formulation and implementation of the new legislation.

Unsurprisingly, shortly after the coming into force of the Directive, the most influential gas exporters on international markets (including Algeria, Egypt and Libya) formed the Gas Exporting Countries Forum (GECF), which has subsequently become pejoratively known as the 'gas OPEC', in order to defend their interests (Hallouche, 2006; Darbouche, 2007). In its second meeting in Algiers in 2002, the GECF was used as a platform by Algerian officials to pillory the EU for failing to consult and co-ordinate its liberalization policy plans with southern Mediterranean gas suppliers (Aïssaoui, 2002). Subsequently, the EMEP became quasi-moribund as it noticeably failed to promote dialogue between and reconcile the interests of producers and consumers, as was demonstrated by Algeria's refusal (until 2007) to agree to abolishing destination clauses¹¹ from its existing gas supply contracts with European customers. By then, the EMP's energy dimension seemed to be slowly but surely phased out and replaced by the relevant provisions of the ENP.

The ENP and Energy Co-operation in the Mediterranean: More of the Same

The ENP was introduced at a time of intensified debate on energy policy within the EU. The policy issues and priorities raised by the Commission's Green Paper of 2000 on energy security (European Commission, 2000a) were thrown into sharper focus by the deteriorating geopolitics of global energy markets, which manifested themselves in the debates provoked by a steep rise in oil prices from 2003 and the increasingly tense EU–Russia energy relations from 2004. Yet in proclaiming the birth of the post-enlargement policy framework aimed at governing its relations with new and existing neighbours, the EU placed a relatively timid emphasis on the importance that energy co-operation should have in this context (see European Commission, 2003a). This exercise conveyed the impression that the EU had ducked an opportunity to respond to its own calls for the need 'to speak with one voice' on external energy matters. But, undoubtedly, the novelty of the ENP's philosophy needed justifying and explaining for an overwhelmingly sceptical neighbourhood

audience, and the EU's first pronouncement on the new policy seemed to have been devoted to this purpose.

However, no sooner had the ENP been officially launched in March 2003 than the EU made public its plans for 'the development of an energy policy for an enlarged EU, its neighbours and partner countries' (European Commission, 2003b). In this new policy declaration, which was clearly inspired by the 'Wider Europe' communication, the EU set out to build a 'wider energy community' predicated on its own *acquis*. The assertion underlying this overarching goal is that energy security can be achieved by 'the EU extending its own energy market to include its neighbours within a common regulatory area with shared trade, transit and environmental rules' (see European Commission, 2006b). As a result, the tone was set for the EU's incipient energy policy: market-based provisions would form the bedrock of the European approach to energy security, straddling the internal and external dimensions of a wider, common regulatory area. This was subsequently identified as an exercise in 'normative reproduction' on the part of the EU, aiming at developing a pattern of international co-operation in a given issue area (energy) based on existing modes of internal co-operation in the same sector. Subsequently, energy security concerns were seen as the main – if not the only – factor according the ENP a coherent rationale by linking its diverse geographical regions, especially considering the idea of an 'ENP energy treaty' that Commissioner Ferrero-Waldner floated during her tenure (Youngs, 2009: 24).

As the implementation of the ENP progressed, further details emerged on the way energy co-operation with SMCs was going to be carried forward. EU documents articulating the ENP's strategy and how to strengthen it (European Commission, 2004, 2006c) spelled out the 'new' plan for doing so while reiterating the value of the existing EMEP. Besides highlighting the normative and regulatory dimension that is so prominent in the existing regional framework and that will be reinforced by the proposed Action Plans, the ENP aimed to reinforce energy networks and interconnections between the EU and its partners. This meant identifying and supporting strategic infrastructure such as liquefied natural gas (LNG) terminals, gas pipelines and electricity interconnections, as well as intensifying co-operation on issues of energy efficiency and technological innovation. More specifically, the idea of a 'Mediterranean energy ring', linking together SMC markets with each other and with the EU, was given a fresh impetus under the ENP – at least on paper.

Furthermore, from 2007 a flurry of new EU energy policy deliberations, which had been stimulated by the Commission's Green Paper of 2006 (see European Commission, 2006d) and the series of controversial energy disputes between Russia and its CIS neighbours, added to the already heavy battery of energy policy measures that had been promulgated by now. These new energy packages, referred to as the EU Strategic Energy Reviews, proffered as additional priorities the establishment of enhanced energy relations with southern Mediterranean producer and transit countries, as well as the facilitation of new transit routes for natural gas supplies (see European Commission, 2007, 2008b). As a result, the European Commission has offered to conclude 'strategic energy partnerships' with these countries, stressing the importance of doing so with Algeria, Egypt and Libya. Thus

far only Egypt has signed (in 2008) a memorandum of understanding on such a strategic partnership with the EU.¹²

Algeria, for its part, is still officially negotiating a similar agreement, but in reality Algerian policy makers see little value in signing a standalone energy agreement with the EU, especially if it is to be based on Brussels' narrow conception of strategic energy relations. The aim is to wrest important concessions on other issue areas, and to use energy as a springboard for broader strategic co-operation. With regard to alternative gas transit routes, the EU is now betting on far-fetched projects such as the Nabucco, Trans-Saharan and Arab gas pipelines to diversify its energy supply routes and sources. While the diversification potential of these projects, which are at different stages of their development, is significant for the EU's energy security strategy, their feasibility and potential contribution to regional integration in the South are far from being a foregone conclusion.

The proposition of strategic partnerships in energy with SMCs can be read as an implicit recognition of the limited contribution of the ENP to Euro-Mediterranean energy co-operation. Indeed, the ENP's main instrument, the Action Plans, proved insufficient as vehicles of its agenda in this regard – an agenda that represented little more than the EMEP's programme. The fact that two of the most important SMC energy suppliers of the EU – Algeria and Libya – refused to take part in this policy has constituted a serious setback for the ENP's Mediterranean energy ambitions. As a result, only a small number of the enhanced normative and infrastructural energy objectives of the ENP were realized.

Moreover, the big North African energy producers tend to be sceptical of the EU's predilection for a market-oriented approach to its energy relations with the southern Mediterranean. Algeria for instance has seen its protracted efforts to reform its energy sector receive little or no support from the EU, at a time when the government needed all the support it could obtain to help it deal with fierce domestic opposition to such plans. In the end, the liberalization programme of the upstream hydrocarbon sector was abandoned, but EU policy makers were the first to subsequently criticize the unattractiveness of investment terms in Algeria. What is more, the difficulties encountered by SMC energy companies like Algeria's Sonatrach in seeking to operate in the EU's purportedly transparent and competitive internal market represent another discrediting factor of the EU energy policies. Sonatrach's misadventures since 2007 with the Spanish political and industry authorities, which sought to curb its growing commercial ambitions in the Spanish downstream gas and electricity market, represent a blatant example of the inconsistency of the EU's policies.¹³ The failure of the European Commission to stand by its market rules in this instance by adopting an unambiguous stance on the Sonatrach–Spain dispute and its contrasting obsession with Sonatrach's co-operation with Gazprom led to a reinforcement of the Algerian and other SMC governments' distrust of EU overtures in this sector (Darbouche, 2007). This translates the failure of more than a decade of Euro-Mediterranean energy co-operation based on EU-led policies such as the EMP and the ENP to bring northern and southern Mediterranean interests closer.

The UfM's Energy Dimension: EU Novelty or *coup de chance*?

Energy co-operation appeared to drive the EU's latest foreign policy initiative in the Mediterranean from the days of its original French design as a 'Mediterranean Union'. Indeed, in the hyperbolic description of his vision for the new regional initiative, President Sarkozy often referred to a reinforced Franco-Algerian co-operation as potentially the main driving force behind the proposed Union, just like the more tangible Franco-German friendship allowed in a recent past the construction of the European Union. In this vein, Sarkozy envisioned a strategic 'alliance' between state-owned Gaz de France (GDF) on the one hand and Algeria's national oil and gas company Sonatrach on the other.¹⁴ This, it was suggested, would lay the ground for a new form of energy partnership in the region, which would see Algerian natural gas reserves 'exchanged' for French civil nuclear expertise. However, much like its sardonic political umbrella of a Mediterranean Union, this proposal soon ran into the sand, giving way to less vacuous ideas. Subsequently, the Mediterranean Union was diluted into a Union for the Mediterranean and the Sonatrach–GDF partnership was limited to the extension and reworking of LNG supply contracts to 2019.¹⁵

The UfM's added value is said to reside in its institutional structure, which was designed with a view to paving the way for more meaningful co-ownership of the initiative, and, equally importantly, its focus on concrete projects that would make more tangible Euro-Mediterranean co-operation for constituencies in the region. Of the six priority projects identified by the leaders of the participant countries in the Paris summit of 13 July 2008 and reaffirmed by their foreign ministers in their meeting in Marseille a few months later,¹⁶ the development of renewable, mainly solar, energy through a Mediterranean Solar Plan has been earmarked as a catalyst for Euro-Mediterranean energy co-operation. Soon the MSP became the flagship project of the UfM, as the momentum it has gathered since summer 2008 has outpaced all other aspects of the new framework's agenda, including the setting up of a secretariat that has been mandated to implement the identified priority projects. Between 2008 and 2009, three official and many other non-official meetings took place to define the contours and elaborate proposals for the implementation of the plan. And a clear operational roadmap for the period 2009–20 has been put in place.¹⁷

The basic concept underlying the MSP is the development of renewable, mainly solar, energy systems for power generation in the Mediterranean, with the aim of reaching a capacity of 20 gigawatts/year by 2020 and creating a 'Euro-Mediterranean green electricity market'.¹⁸ The solar and renewable energy potential of SMCs has been well documented for years but the idea of harnessing it to create a new form of energy trade in the region seems to have only recently received enough political support. The discourse of EU officials in support of the MSP has clearly been articulated around the political and economic threat that structural overdependence on Russian energy supplies poses for Europe, underlining the need to diversify energy supplies and meet the commitments of the European Energy and Climate Package (see Ferrero-Waldner, 2009a). Besides this geopolitical thinking,

the EU also sees an altruistic contribution through the MSP for the socio-economic development of SMCs (employment generation, technology transfer and satisfaction of growing domestic energy requirements) as well as for the welfare of our planet, making the MSP a 'win-win-win' venture (Ferrero-Waldner, 2009b).

What has allowed the rapid take-off of the MSP is a confluence of political enthusiasm for the project with industrial endorsement on both sides of the Mediterranean. In fact, the MSP, as the UfM's political and institutional energy co-operation project, has an industrial twin in the DESERTEC Initiative which was launched in Munich by a consortium of European companies on the same day as the UfM's founding Paris summit.¹⁹ Sharing the same concept as the MSP, the DeserTEC project aims to raise over \$400 billion and supply, from North African deserts, up to 15 per cent of Europe's electricity requirements by 2050. The deployment phase of this ambitious Mediterranean solar project is expected to start in 2011/12 and so far a number of outside investors (international financial institutions (IFIs), private and sovereign funds, commercial banks) have expressed an interest in the enterprise.

Judging from the interest that the MSP has generated in various decision-making spheres, it appears that the EU has finally got its hands onto a formula that will not only allow it to foster the Euro-Mediterranean energy partnership it has long aspired for, but one that will also contribute to its energy security. However, the assumptions behind these ambitious projects are for the most part untested in the market and, unless they firm up, the MSP will either remain a 'desert dream' or only materialize in a form that will be insignificant in the face of the impending energy-related challenges that the region faces.

To start with, an adequate legal, regulatory, institutional and organizational framework will need to be set up in the target SMCs and synchronized to the extent possible with European rules to allow the development of solar-based power generation capacity on the desired scale. This will also be necessary if SMCs are to benefit from their solar power on a commercial basis, as the liberalization of their current tariff policies is a prerequisite for the development of solar energy for domestic consumption. Furthermore, the delivery at competitive prices of solar-generated power from SMCs to Europe seems presently far-fetched considering the investment it requires not only in submarine interconnections, but also in intra-European transmission capacity. The EU may be prepared to pay a (political) premium for 'cleaner' energy supplies – though not so enthusiastically in the current times of budgetary austerity – but external sources of project finance are likely to shy away from investing if the commercial viability of the MSP remains elusive.²⁰ Thus, the EU will need to show more ingenuity in its approach to Euro-Med energy co-operation within the UfM if it is to capitalize on the interest its plans have so far generated on the back of a positive conjuncture.

Assessment and Prospects

The EU's approach to energy co-operation in the Mediterranean has been predicated on an unrelenting belief in the added value for energy security of the spread to SMCs of European market rules. Both the EMEP and the relevant energy components of

the ENP were guided by this philosophy, which was reinforced in the context of the latter framework as the EU's energy policy activism became imbued with a sense of urgency in the face of record high energy prices and growing Russian foreign policy assertiveness. Despite the timid record of the EMP in fostering meaningful Euro-Mediterranean energy co-operation, the pertinence of this market-based approach in the eyes EU energy policy makers seemed to strengthen in the 2000s. This arguably occurred to the detriment of Euro-Med energy relations, as petroleum-exporting SMCs saw little value in the content of the EU's overtures and engaged with them only half-heartedly.

Conceptually, it is widely recognized that the European energy policies in the Mediterranean represent(ed) an exercise in external projection of the EU's constituent norms, which is inherent in its international actorness. The EU aims to export to neighbouring countries as many of its norms as politically and economically feasible not only because this reflects its 'inner self', but also because of the functional design of such approach. Market liberalization is considered the EU's 'most potent negotiating tool in international energy interactions'. By purportedly opening up its own market, the EU hopes to gain greater investment access in third producer countries and undercut the perceived perilous implications of bilateral deals between member states and Europe's handful of main energy suppliers (Youngs, 2007: 5). The consolidation of internal market liberalization is also a way for Brussels to seek to influence the foreign policies of member states by making a number of desired substantive reforms, such as the banning of destination clauses, inescapable. This ensures the gradual convergence of member states' foreign policies around a unified set of guiding principles, at least in relation to pivotal issues. Finally, a rule-based approach to energy co-operation is for the EU a way of contributing to the erection of well-functioning world energy markets and enticing other global powers away from geostrategic deal-making propensities (Youngs, 2009: 30).

However, little enthusiasm has been shown by a number of SMCs for the EU's offered model of extending its own market regulatory norms as a basis for energy co-operation. The EMEP and the ENP appear to have had little traction, especially in the major SMC energy producers. The reason for this lack of interest on the part of southern Mediterranean partners is two-fold. Firstly, they perceive the EU approach as 'prosaically narrow and obsessed with rules and regulations, whereas their expectation is of a co-operation model that is explicitly more strategic'. Little value do the EU's proposed co-operation frameworks add to the existing bilateral deals that member states are prepared to conclude on the basis of more strategic dividends for SMCs. Why should Algeria, for instance, replace a strategic energy partnership with France or Spain with a deal with the EU when the former allows it to obtain concessions from these member states on bilateral and other political issues as well as on broader economic matters?

Secondly, this divergence of interests in relation to energy co-operation is compounded by the commonly held view that, while the principles of the EU's market-based external and internal energy policies are well articulated, in practice a uniform degree of commitment from member states and institutions to these

enunciated policies remains elusive. It is indeed no secret that a number of member states, including those with the bigger energy markets, have still to become reconciled to the Commission's belief that a consolidated and liberalized internal European energy market is in their national interests. The resistance that the Commission faced from member states like Germany, France and Italy in relation to its 2007 proposal for the 'unbundling' of the production and distribution segments of European energy incumbents is testimony to the inconsistencies that pervade European energy policy. Furthermore, from an SMC vantage point, the diluted unbundling model that the EU ended up adopting and the formalization of a requirement of reciprocity from third countries²¹ that accompanied it is evidence that the 'EU is no less a geopolitical actor than other countries, but that the only difference is that its geopolitics are dressed up in the finer cloaks of rule-based discourse' (Youngs, 2009: 39).

The UfM, by contrast, seems to have eschewed the emphasis on rule-based co-operation with Mediterranean producers and has focused more on shared *practical* interests. This being said, the idea of developing North African solar power systems to supply Europe with renewable energy has been around for decades. What has allowed the MSP to gain unprecedented support on this occasion, presaging a more successful regional energy co-operation venture in the framework of the UfM, is the fact that it has been introduced at a time considered propitious by most, if not all, stakeholders. Indeed, the interest generated by the MSP, in the absence of almost any political and institutional progress on almost all other aspects of the UfM, suggests that the advances realized by the MSP so far owe little to the attributes of the EU's new Mediterranean policy. Rather, they seem to have benefited from the shifting energy interests of energy producers and consumers alike, pertaining more specifically to issues of climate change, energy security and growing energy requirements.

Coupled with concerns of energy security and external energy dependence, the commitments made by the EU in the context of the incipient international climate change agenda have led to a new focus of energy policy towards moving to a 'low-carbon' economy. In 2008, the EU detailed its plans in this regard under the overarching framework of '20-20-20': by the year 2020 reduce greenhouse emissions by 20 per cent; increase energy efficiency by 20 per cent; and raise to 20 per cent the share of renewable energy in its energy mix. As, in the meantime, solar technology is beginning to become more commercially viable for large-scale projects, the prospect of developing solar energy in the North African desert to meet these targets and at the same time diversify energy sources has become more attractive for politicians and industry decision makers alike.

This *recentrage* [recalibration] of EU energy policy priorities coincided with a growing realization on the part of SMC policy makers that not only was the depletion of their fossil fuel reserves no longer a distant prospect, but also that the domestic energy requirements of their own economies are growing at a phenomenal pace. Algeria, Egypt and Libya have all seen their domestic demand for gas and power grow at average annual rates of 8 per cent in recent years – a trend set to continue unabated in the coming decade. This has translated into tremendous

pressure on their production and export capacity, setting in motion an urgent rethink of energy policies in SMCs. As a result, developing renewable sources of energy to satisfy this booming demand, thereby freeing more hydrocarbons for exports, and preparing the 'after-oil' era has gained more ground amongst SMC policy makers (Derradji, 2010). The consequence of these shifting priorities on both sides of the Mediterranean is that the MSP has rather suddenly appeared as a panacea to the region's corresponding energy and climate challenges, and is likely to yield better results as far as Euro-Mediterranean energy co-operation is concerned.

Thus, the outlook for energy co-operation under the UfM is to some extent a reflection of the renewed focus on functionalism that the new framework has (re-)introduced to Euro-Mediterranean relations. Its emphasis on the development of regional solar energy projects, rather than the neo-liberal, rule-based co-operation model its predecessor EU policies in the Mediterranean had pursued, is certainly finding resonance with SMCs, including petroleum-exporting countries. However, this owes more to the fact that renewable energy is currently receiving increasing attention within and beyond the region, as it is seen as a way of addressing a number of 'practical' energy and economic challenges that most interested parties are facing, than to the de-politicized focus of the UfM. In other words, what is encouraging Euro-Med partners to rally around the UfM solar project is a favourable market context, which even if the UfM had displayed a stronger high-politics emphasis would almost certainly have had the same effect on Euro-Mediterranean energy co-operation. In short, the UfM certainly represents some degree of change in Euro-Mediterranean relations, but crediting this change alone with reinvigorating energy co-operation in the region may be too stretched a conclusion, given that the relevant 'outside' context – in this case, energy market conditions – has known a more profound transformation compared to the days of the EMP and the ENP and is itself having a significant impact on the energy preferences of UfM partners and the consolidation of their co-operation.

Conclusion

This contribution has revisited the energy co-operation components of the EU's Mediterranean policy frameworks to date, namely the EMP, the ENP and the UfM. The aim was to compare the philosophies and approaches of these initiatives, with the aim of assessing the prospects of the UfM's regional energy co-operation agenda compared with the conspicuous failures of previous policy efforts. The argument is narrowly focused on the institutional and policy level of the EU's relations with petroleum-exporting SMCs, and as such excludes other analytical layers and actors, which in the field of energy are simply too complex and diverse to include in a relatively short contribution. Besides, the aim behind this parsimonious focus was to isolate the dynamics inherent in the EU's internal policy making as well as in its relations with SMCs in order to better assess the impact of their evolution on Euro-Med energy co-operation. As it happens, the findings of this study point to international energy market dynamics as being the most potent in influencing the

prospects of the UfM in fostering regional energy co-operation – its functionalism only playing an intervening role.

What this contribution did not offer is a prognosis on plans to develop solar and renewable energy in the Mediterranean. What it did do, however, was highlight

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