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Sub-regional Cooperation within the EMP

First Year Report

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Sub-regional Cooperation within the EMP

First Year Report of the Working Group on
Sub-Regional Cooperation within the EMP

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Part I

1. Introduction

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

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

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

The collapse of the Soviet Union and the American policy of selective foreign engagement have allowed the European Union (EU) to gradually emerge as an alternative patron in global affairs. The EU enlargement process towards Central and Eastern Europe and the Mediterranean, the Euro-Mediterranean process, the EU-ASEAN summits and the Euro-Latin American Forum are evidence of the increasing ability of the EU to project economic power and establish a political presence at the international level. The evolution of the EU's common foreign and security policy (CFSP) and its more direct involvement in regional affairs, such as its key role in the reconstruction of the Balkans, are initial steps that could lead to an upgrade in the EU's status as a global actor. Such a development would allow the EU to wield more influence in the affairs of various regions.

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

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

2. Regional dynamics and realities in the Mediterranean

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

The removal of Cold War shackles over the last decade has resulted in a situation in which the countries of the Mediterranean are finding it more difficult to compete globally. Unless Mediterranean states begin a process of sub-regionalisation and regionalisation and develop a more borderless area of cooperation, they face the stark danger of falling further behind in the post-Cold War international system that is emerging.

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

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

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

The four sub-regions encompassing the Mediterranean are southern Europe, the Balkans, the Maghreb, and the Mashreq. Although the EMP has been functioning for more than six years, each of the sub-regions of the Mediterranean continues to follow a different evolutionary pattern and there is little to indicate that any of them will integrate with their counterparts across the Mediterranean any time soon. Relations across Southern Europe are largely cooperative dominant, with this group of countries increasing their intergovernmental and transnational ties with the rest of Europe on a continuous basis. In contrast, conflictual relations have consistently hindered closer cooperation between countries in the Balkans, the Maghreb and the Mashreq. Relations in these three sub-regions of the Mediterranean remain largely confined to the intergovernmental level, with cross-border types of interaction across the southern shores of the Mediterranean limited to the energy sector and Islam.

The failure of the Euro-Mediterranean Partnership to register significant advances since the founding conference in Barcelona in November 1995 is forcing Euro-Mediterranean strategists to reconsider what policy mechanisms might be introduced to stimulate progress toward the

achievement of the objectives laid out in the Barcelona Declaration. These mechanisms include greater attention to specific sub-regional trends that are currently manifesting themselves around the Mediterranean, and greater attention to the domestic prerequisites of transnational cooperation.

Regional realities in the Mediterranean

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

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

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

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

Projecting forward, two future scenarios are possible. The first is one in which a number of Mediterranean countries manage to integrate at both a regional and international level, while the rest continue to experience stagnation, if not regression and fragmentation. The second is one in which the majority of countries in the Mediterranean are not able to integrate into the international political economy and gradually stagnate or become failed states.

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

In the absence of radical reforms of the overall institutional and policy framework, foreign direct investment (FDI) will not be forthcoming to any significant degree. This, in turn, will hamper economic development. One of the reasons for the slow economic development of the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. A sub-regional reassessment

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

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

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

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

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

At the Euro-Mediterranean foreign ministerial meeting in Brussels in November 2001, ministers were particularly supportive of the Agadir Declaration of May 2001 announcing the establishment of a free-trade area between Morocco, Tunisia, Egypt and Jordan. This initiative should facilitate any efforts by North African countries to try and reactivate the moribund Arab Maghreb Union (UMA) that was created in 1989 and sought to create a common market among Morocco, Algeria, Tunisia, Mauritania, and Libya.[8]

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

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

Given the fragmented nature of regional cooperation across the Mediterranean, what are the chances that a Euro-Mediterranean free trade area could serve as a substitute for institutionalised regional cooperation? Quite often, regional cooperation among sovereign states is only possible if it

is complemented by a strong push from extra-regional powers. To date, this push has been largely absent in the Mediterranean.

The strongest push towards a more integrated political and economic structure has so far come from the European Union-initiated Barcelona Process. This includes free trade between individual Mediterranean countries and the EU and an EU drive to further intra-Mediterranean free trade, as a logical and political corollary. The proliferation of Arab free trade initiatives, bilateral or all-Arab, has therefore to be judged positively, even if the record of past declaratory commitments is not inspiring and the current approach is not necessarily the most effective one (product lists instead of a horizontal dismantling of tariffs in clearly defined stages).

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

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

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

Two approaches should be explored in such a perspective. The first might involve a sub-regional grouping of the countries in the Maghreb, on the one hand, and those in the Mashreq, on the other hand. The second would be a more comprehensive modality that encompasses all twenty-one member-states of the Arab League. That option appears to confront difficult, if not insuperable obstacles of geography and differences in political regimes and economic structures. The same obstacles are only slightly less forbidding in the context of an intermediate approach aimed at bringing together just the nine Arab countries around the Mediterranean, from Morocco to Syria.

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

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

dreams of new regional structures of the kind that have failed to materialise so many times in the past.

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

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

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

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

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

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

4. Conclusion

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

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

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

1. Sub-regional groupings with the greatest potential to develop, especially the Maghreb (which also happens to be the more immediate focus of most European "soft security" concerns); and

2. The domestic changes that are both the conditions for and the objectives of regional cooperation.

Further research is needed to identify what is hampering regional cooperation in the European peripheral regions. At this stage, the European borderlands – the Mediterranean, Black Sea, Central Europe, and Baltic Sea – are all evolving along different paths of interaction. [9]

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

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Part II

An Integrated Maghreb as a Party to the EMP – Problems and Prospects

Bechir Chourou*

In the 1970 edition of the *Annuaire de l'Afrique du Nord*, the well-known French annual publication devoted to North Africa, the author of the lead article wrote:

> *The States of the Maghreb feel that they belong to the same family. But they know that they are economically fragile and realise that in an era of superpowers and European groupings, the only way they can play a role requires that they achieve Maghrebi unity before joining other larger groupings. They further understand that the policy of maintaining exclusive relations with the West in general and France in particular is artificial, and they are showing signs of developing a new solidarity with the Arab world, Africa and, more broadly, with the Afro-Asian movement.*[1]

As far at it could be ascertained, this is the first time it was suggested that North African integration should *precede* any attempts by the Maghreb countries to join singly or collectively what was then called the European Economic Community, and that there are alternatives to an association with Europe. However, the statement may have been overly optimistic about the wisdom or farsightedness of North African leaders at that time, since there were no concrete measures, decisions or indications that Maghrebi integration was indeed seriously contemplated, or that it would be brought about as a first step towards Arab and/or African integration.

This paper will discuss past efforts towards, and the current status of North African integration. It will argue that there may well be structural obstacles to that integration, but that the fundamental obstacle is the lack of political will among past and current leaders to achieve it and to consider alternatives to the traditional policy of maintaining close links with Europe. It will further argue that the Euro-Mediterranean Partnership (EMP) in its present format is not likely to improve the welfare of the Southern participants and may even contribute to its deterioration. It will be suggested that the Southern shore – or at least its Maghrebi portion – can expect to draw long-term and significant benefits from an association with Europe only if it manages to act as a single actor in a restructured EMP. To that end, it needs first to achieve a form of integration that goes beyond the mere formation of a free-trade area. Following that, it may envisage an association with Europe capable of giving more substantive results, i.e. a relationship that is limited neither to free trade nor to assistance, but one that constitutes a genuine and less skewed partnership.

The gist of the argument is that the Maghreb needs to steer away from traditional paths towards integration and from the neo-liberal model of development. It should instead adopt a proactive approach to positive integration based on common comprehensive planning.

The Maghreb Before 1989

The five members of UMA are geographically contiguous and have historical, economic and social affinities. They share a common language, religion and culture. With the exception of Libya they have been ruled by the same colonial power, which gave them a common second language (French) and similar legal and administrative institutions, and their elites a shared intellectual background.

Aspirations for North African unity were first voiced by Algerian, Moroccan and Tunisian students enrolled at French universities in the interwar period and founders of movements to liberate their countries from French rule. However, by the mid-1950s it became increasingly clear that each country was to achieve independence separately and that unity, if it was to be sought at all, would have to be postponed and would fall short of the creation of a single state. In fact, even the term

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[1] A. Benyoussef, "Recherche des fondements économiques de l'intégration au Maghreb" in *Annuaire de l'Afrique du Nord*, vol. IX; Paris: Centre National de la Recherche Scientifique, 1970; p. 90. My translation and emphasis.

'unity' tended to be replaced by more 'pragmatic' ones such as federation or confederation, before being further downgraded to integration, interdependence or mere cooperation.

Perfunctory attempts at unification continued to be made for a brief period after independence. Thus, representatives of the political parties Istiqlal (Morocco), Néo-Destour (Tunisia) and FLN (Front de libération nationale, Algeria) met in Tangier in April 1958 and agreed to set up a structure called Permanent Secretariat of the United Maghreb and, at a later stage, a common consultative assembly as initial steps towards a Maghreb federation. When these projects failed to materialise, the three North African Foreign Ministers met in Rabat in February 1963 in an effort to resuscitate them. But by then centrifugal forces had become too numerous and too strong to overcome. In addition to having disagreements over such issues as Mauritania's independence or the presence of Algerian armed forces in Tunisia which emerged at one time or another, the partners eventually came to adopt contrasting ideologies, political systems and foreign policies and became increasingly preoccupied with internal problems.

Nevertheless, the aim of Maghrebi integration was not totally abandoned. Following an initiative taken by the United Nations Economic Commission for Africa (ECA) in April 1964 to create a centre for industrial studies designed to coordinate national development plans among North African countries, the Ministers of Economy decided in October 1964 to set up a structure with a broader scope which they called the Permanent Consultative Committee for the Maghreb (*Comité Permanent Consultatif pour le Maghreb* or CPCM). The objectives of the Committee were to harmonise industrial policies and development plans, define investment priorities for the region so as to avoid duplication and waste of resources, increase trade, harmonise external tariffs and, in a general way, achieve the economic integration of the Maghreb.

However, it quickly became evident that the project was overly ambitious. Members continued to be divided over many issues. Mauritania's membership was particularly controversial. Morocco had always claimed that France had arbitrarily taken part of Moroccan territory to create Mauritania and went so far as putting an official claim on that territory in July 1958. When the country became independent in 1960 and was recognised by Tunisia, Morocco broke diplomatic relations with the latter. In January 1970 Libya also established diplomatic relations with Mauritania, which created another crisis in inter-Maghrebi relations, despite the fact that Morocco had officially abandoned all claims on Mauritania in May 1963.

Another issue that has divided the Maghreb is that of Western Sahara. When Spain decided to withdraw from that territory in 1975, it signed an agreement with Mauritania and Morocco whereby these two countries would divide the territory among themselves. However, the liberation movement POLISARIO wanted independence for the territory on the basis of the principle of self-determination. The Arab Democratic Republic of the Sahara (*République Arabe Sahraouie Démocratique* or RASD) was proclaimed on 27 February 1976 and a war of liberation was launched with the support of Algeria and Libya, among others. In 1979 Mauritania decided to give up its share of the territory, and Morocco moved immediately to occupy it. Eventually, the RASD was admitted as a full member of the ex-OAU (Organisation of African Unity) – prompting Morocco's withdrawal from that organisation – and was recognised by scores of countries. Throughout the 1970s and in the first half of the 1980s, the Sahara conflict dominated Maghrebi relations. Each of Algeria and Morocco tried to make alliances that would isolate the other. For example, Algeria signed in March 1983 a twenty-year treaty of brotherhood and concord with Tunisia, to which Mauritania became party in December of that year.

At present, the wide support that Polisario enjoyed is declining. Even the United Nations and Algeria seem to be moving away from the principle of organising a referendum in Western Sahara and favour the US-inspired solution of granting the territory an internal autonomy while keeping it under Moroccan sovereignty. However, the position of the other North African countries on this option remains unclear.

Inevitably, these problems were to have an effect on the CPCM. Back in 1970, when Libya (ruled by Qadhafi since September 1969) decided to recognise Mauritania's independence, a meeting of the CPCM scheduled for March of that year had to be postponed because the Libyan delegation

failed to arrive (probably in anticipation of a Moroccan decision not to attend in protest of Libya's decision concerning Mauritania). Tunisia – the host country – asked Libya to explain why it was boycotting the meeting and threatened to proceed with four or even three participants, if necessary. By way of a reply, Libya announced on April 1970 that it had signed an agreement of economic integration and technical cooperation with Egypt and the Sudan. Within days the March meeting was held without the participation of Libya which withdrew its Ambassador to the CPCM without designating a replacement. Mauritania, on the other hand, decided at that time to play a more active role in Maghrebi affairs and joined the Tunis Ministerial conference.

Ultimately, the conference failed to achieve its objective which was to approve a plan prepared by the CPCM to speed up and deepen the process of regional integration. Outwardly, the failure was due to disagreements on technical points, but in reality it was due to growing political and ideological divergences between the participants. Nevertheless, the CPCM continued to exist until 1975 when it was formally agreed to postpone sine die any further attempts towards economic cooperation, although no decision was taken to dissolve the CPCM..

Presenting in 1979 a balance sheet of the CPCM, its President could point to few, if any, achievements as he admitted with an unusual degree of frankness:

> *It is important to underline the fact that the project of an integrated Maghreb attracted at the beginning the interest and support of public opinion in the region. But in the absence of concrete achievements, this interest slackened and became confined within the offices of the CPCM. People working there, and others closely associated with the project, had a fundamental shortcoming: they lacked vision. Too much time was spent on details and technicalities and not enough on purpose and objectives… The initial movement of generosity and enthusiasm when people talked with fervour about economic integration as a mere step towards social and political unity soon gave way to uninspired and sterile quibbles about immediate parochial interests.*[2]

The failure of the North African States to give the CPCM the attributes of a supranational institution endowed with authority to make binding decisions in clearly defined areas of competence could only lead to the extinction of that body. Having set aside the notion that regional integration was possible or desirable, all five States could proceed unhindered with what they have been doing all along, namely, pursuing national objectives through individual means.

However, the worldwide economic and financial crisis of the 1980s was to demonstrate the shortcomings of that approach. Without attempting to describe that crisis in detail, some of its elements may be highlighted: erratic movements of oil prices (with a general downward trend), a shrinking international liquidity with an attendant increase of interest rates, an enduring recession in industrial countries with a decline of the demand for raw materials, growing competition between developing countries for gaining access to shrinking markets in the North, and a growing incapacity of Third-World countries to bear the burden of their debt.

The Maghreb countries have all been affected by that situation. Focusing on the three countries of the "Central Maghreb," the Tunisian economy had been in recession since the early 1980's and its GDP showed a decline in 1986. Algeria and Morocco's growth rates remained below 3% for a number of years. Algeria's income from oil declined from US$12.5 billion in 1985 to less than US$8 billion the following year.

Tunisia and Morocco were forced to turn to the International Monetary Fund (IMF) for help. Morocco was the first to do so in 1983 and was followed by Tunisia in 1986. Algeria's turn was to come a few years later, after the onset of its civil war. The effects of the IMF's structural adjustment plans were quick and dramatic: higher prices for previously subsidised products, fewer and more costly social services as a result of declining public spending, and growing unemployment. The situation created severe discontent not only among people with modest

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[2] From a statement made by Mr. Mustapha Filali, President of the CPCM at a workshop on EEC – Maghreb Cooperation held in Tunis on 28 – 30 May 1979 and reproduced in Mustapha K. Nabli (ed.), *Actes du colloque Coopération CEE - Maghreb* . Tunis: IORT, 1981, pp. 239-40. My translation from French.

income but also among the middle class – civil servants, small traders, teachers, etc., and most particularly among youth who represent a sizeable portion of the population. Inevitably, the economic and social problems gave rise to political unrest. In all five countries, albeit at different times and in various degrees, the competence and legitimacy of the ruling regimes were put into question. In the absence of authorised opposition movements, it was the Fundamentalists who came forth to aggregate, articulate and organise popular demands for political change.

Fully aware that they were confronted with serious structural problems that could be resolved only in the long term, and realising that people might not be willing to wait so long, regimes adopted a two-prong approach: severe repression to quell all opposition, and a search for actions that would give quick and palpable solutions to the mounting problems. Two such actions will be discussed here: the creation of the Union of the Arab Maghreb (UMA) and participation in the Euro-Mediterranean Partnership (EMP).

The 1989 UMA Treaty

The five North African Heads of State[3] met in Marrakech (Morocco) in February 1989 to sign a treaty creating the UMA. The treaty states that the Union seeks to strengthen brotherly relations between the States and the peoples; achieve progress and prosperity; contribute to the preservation of peace based on justice and equity; work progressively towards achieving the free movement of persons, services, goods and capital. It further provides that the signatories are to pursue a common policy in different areas with the aim of achieving concord between the member States and establishing a close diplomatic cooperation based on dialogue; preserving the independence of each member State; achieving the industrial, agricultural, commercial and social development of the member States and mobilising appropriate means to that effect such as the creation of common projects and the preparation of global and sectorial programmes (Art. 2 and 3). The Union has the following organs:

- The Presidential Council, composed of the Heads of the member States and chaired by one of them on a rotating basis for a period of one year. It is the only organ to have decision-making power. All decisions are taken by unanimity.
- The Council of Foreign Ministers.
- The Follow-up Committee made up of Government representatives in charge of Maghreb affairs.
- A permanent Secretariat General headed by a Secretary General designated by the Presidential Council.
- A Consultative Council made up of twenty representatives chosen by the legislative organ of each Member State. It holds one ordinary meeting per year.
- A judicial organ made up of two judges designated by each member States. It settles disputes related to the interpretation and implementation of the Treaty. Its decisions are final and binding.
- Specialised Ministerial commissions that may be created by the Presidential Council. Currently, there are four such commissions that deal, respectively, with food security, human resources, infrastructure, and economy and finance.

Since 1989 some 37 agreements and conventions have been adopted in the framework of UMA. They relate to such areas as trade and tariffs, rules of origin, non-tariff barriers, trade in agricultural products, land transport, insurance, investment guarantees, and creation of bank for investment and foreign trade. However, few of these instruments have gone into effect or have even been ratified. Furthermore, the Presidential Council has not met since September 1991. Diplomatic relations between Algeria and Morocco are severed and borders between them are closed, the main reason being their disagreement over the fate of Western Sahara. In March 2001

[3] Hassan II (Morocco), Zine El Abidine Ben Ali (Tunisia), Chadli Ben Jedid (Algeria), Mouamar El Qadhafi (Libya) and Moaouia Sidi Ahmed Taya (Mauritania).

the Tunisian Foreign Minister announced that a summit would be held before the end of the year, and a high official of the Algerian Ministry of Foreign Affairs confirmed in July that such a meeting was still contemplated. However, not only has the summit failed to materialise but attacks against Algeria have resumed in Morocco's official press since July 2001. In sum, the UMA is at a standstill and prospects for its revival are dim.

Obstacles to Maghrebi Integration

In the Maghreb, unity is as venerated as fatherhood and couscous. Yet it remains a mirage – a familiar phenomenon in the North African desert. Scores of speeches have been made to decry this situation, and shelves of books and articles have been written to elucidate the failure of a process whose success seems predestined. By and large, and on the basis of the classical theory of integration, it is commonly argued that the absence of integration is due to the lack of complementarities between the national economies of the region. This point cannot be refuted. The five North African countries have little to sell to each other, as it can be seen from the insignificant share that intra-regional trade represents in any one country's external trade. In fact, not only are the economies not complementary, they are often in direct competition with each other. This is the case, for example, for Tunisia and Morocco. From the 1970s on, they both adopted identical economic strategies based on setting up industries of import substitution producing for heavily-protected local markets; a manufacturing sector oriented to labour-intensive and low-technology production and relying mostly on privileged access to European markets and extensive subsidies granted by national governments; and a relative neglect of the agricultural sector, except for the segments producing for export.

Furthermore, all five countries are confronted – to varying degrees – with other structural problems: high rates of demographic growth, of illiteracy and of unemployment; low level of qualification of the labour force; inadequate telecommunication and transport infrastructure; outdated financial, monetary and fiscal legislations and institutions; and lack of a business culture characterised by a spirit of entrepreneurship, risk taking, initiative and innovation.

More recently, the Euro-Mediterranean Partnership (EMP) has been added to the list of obstacles that are said to stand in the way of Maghrebi integration. According to the proponents of this argument, the Mediterranean non-EU countries (MNCs) that have entered into partnership agreements with the European Union (Tunisia, Morocco) or that are expected to do so in the future (Jordan, Egypt and, eventually, the remaining MNCs that are parties to the Barcelona Declaration) have incurred or can expect to incur any or all of the following drawbacks: higher budget deficits due to loss of income from import taxes; higher trade deficits due to increased imports of cheaper European products without commensurate increases in exports to EU markets; higher unemployment as a result of the closing of inefficient firms incapable of confronting foreign competitors; and invasion by powerful and sophisticated suppliers of technology-based goods and services. More germane to the point at hand, the EMP is seen as leading to or consolidating a tendency to orient production to the European markets and decreasing or preventing efforts to create activities oriented to Southern markets.

These arguments are valid and supported by readily observed facts and easily obtainable figures. However, it should not be concluded that these obstacles are insurmountable and hence Maghrebi integration is inherently impossible. In fact, it could be argued that these obstacles, serious as they may be, present at least one positive feature: unlike other factors such as climate or geography or endowment in natural resources, all of the obstacles mentioned are *man-made* and are therefore amenable to human intervention. Although speculation about history is hazardous, one could still affirm that integration could have been achieved at any time in the last half century had there been the *political will* to achieve it. Therefore, over and beyond economic or social conditions, the main and most formidable obstacle to Maghrebi integration was and remains the unwillingness of rulers to achieve it.

I have argued elsewhere[4] that the leaders of independence movements in the core countries of the Maghreb (Algeria, Morocco, Tunisia) had sufficient legitimacy and popular support to take their countries into any direction once independence was achieved. Therefore, they could have opted for the creation of a North African confederation or federation or even unitary state, or at least could have championed such an idea and submitted it to their respective electorates. But they failed to do so – while continuing to pay lip service to the concept of Maghreb unity. The most likely explanation for that attitude is that each leader realised, or knew all along, that his role and standing in a large political entity could only be inferior to those he could have in his local and secure turf.

Attachment to national sovereignty is often presented as a major obstacle to integration. In the case of the Maghreb, however, there is no evidence to prove (or disprove) the validity of this hypothesis. There, as in the rest of the Arab world, rulers have considered themselves as the embodiment of nations. Therefore, if anything is seen as detrimental to the nation, it is most likely because it is detrimental to its ruling regime. This applies to power, economic interests, or security. Again, this may be pure speculation, but if sovereignty is considered as an attribute of the people, then the only way to determine if it is an obstacle to integration is to ask the people whether or not they are willing to give up all or part of their sovereignty for the sake of integration.

In effect, then, one has to distinguish between the lack of political will among ruling classes to achieve integration, and popular opposition to such a project. At present, the former is disavowed but clearly evident; the latter is unconfirmed and probably unlikely.

If the issue of integration were to be submitted to a democratic debate in North Africa, the focus should be on two main questions: Is integration desirable and if so, what measures should be taken to bring it about? The answer to the first question is relatively simple: Integration is not only desirable, it is necessary end even inescapable. At a time when blocs are being formed and consolidated in all regions of the globe, and when national boundaries are becoming increasingly irrelevant in most aspects of international relations, no nation can hope to keep its sovereignty intact or succeed in living in autarky. The process of globalisation is well known and sufficiently advanced not to require a detailed discussion here. More to the point, societies have to find the best ways to adjust to this process so as to reduce its potential negative effects and take advantage of the opportunities it may offer. Countries of the Southern and Eastern Mediterranean, including some members of UMA, have opted for an association with the European Union in the framework of the EMP. Is this an appropriate choice, and does it preclude or pre-empt the need for other alternatives such as Maghrebi integration?

The UMA as an Initial Step Towards a Restructured EMP

The Barcelona Process has proved to be sufficiently disappointing to elicit efforts to 'reinvigorate' or 're-launch' it, to use the terms currently in vogue. Similarly, the transformation of the Mediterranean Basin into an area of 'shared prosperity' through the creation of free-trade zone is not progressing at a satisfactory pace. Only Morocco and Tunisia have ratified and implemented free-trade agreements with the EU, and the three partners are showing signs of dissatisfaction with those agreements, each for its own reasons. For the Southern partners, the EMP has failed to improve welfare and exacerbated long-standing social, financial and economic problems. For the EU, the MNCs have failed to make appropriate efforts to take full advantage of the opportunities offered by the EMP, and in particular have not heeded the oft-repeated advice that North-South cooperation can yield its full benefits only if it is accompanied and complemented by South-South cooperation.

While the need for South-South cooperation is evident, its scope and depth have to be further specified. So far, the limited amount of horizontal cooperation in the Mediterranean has been limited to the progressive dismantling of trade barriers with the aim of their total elimination by 2010, to coincide with the completion of the Euromed free trade area. In addition, such agreements have been signed on a bilateral basis between only four MNCs: Morocco, Tunisia,

[4] Bechir Chourou, "The Challenge of Democracy in North Africa" in Richard Gillespie and Richard Young (eds.), *The European Union and the Promotion of Democracy: The Case of North Africa*. Special edition of the journal *Democratization*, forthcoming.

Jordan and Egypt, and there is yet no multilateral agreement in implementation in the region (although a large number of economic agreements have been signed by members of the League of Arab States over the years). In any case, the lowering or even elimination of tariffs cannot by itself have much of an impact, since there is little intra-regional trade to begin with (less than 5% of any MNC's external trade in the best of cases).

What is needed in the Southern Mediterranean is a form of integration that goes beyond the creation of free-trade areas or even customs unions. It has always been clear that no MNC has a sufficient size to support efficient production in any major industrial or service sector. In fact, some economists argue that even sub-regions such as the Maghreb with its more than 80 million inhabitants, or even all MNCs parties to the Barcelona Declaration (except Turkey) with their 160 million inhabitants, do not have the critical mass required by many economic activities. Nevertheless, any fusion of markets would be better than the current segmentation.

What is needed in the Southern Mediterranean is collective action to achieve the following main objectives:

- An integrated market for internal trade: Current efforts are limited to the achievement of this objective.

- Industrial integration: There is at present a large deficit in industrial production. Most MNCs have to import production goods, components and semi-finished inputs from outside the region. Local production of some of these goods may become economically justifiable if sufficient markets were available.

- Agricultural integration: The Southern Mediterranean shows a large deficit in food production, and imports growing amounts of basic products such as cereals (wheat, barley, corn, rice…), oils, and sugar, as well as other food products such as meat and milk. Those imports are bound to increase as population grows and incomes improve. This food deficit creates a number of problems. It is a major source of trade deficit. It absorbs resources that could be used elsewhere. It prevents governments from devaluing national currencies to favour exports because devaluation would make food imports more expensive on local markets. Natural factors such as climate and lack of arable land make food self-sufficiency unlikely, but a substantial decrease of dependency is possible.

- Integrated infrastructure: Land, sea and air transport is inadequate and costly when it exists at all. A dynamic economic activity without efficient means of communication is not possible. But building motorways and railroads and setting up other intra-regional links is a costly enterprise that requires cooperation and coordination.

- Financial, monetary and fiscal cooperation: Region-wide economic activities cannot be undertaken without the free movement of all factors of production, including capital. They also require the use of convertible currencies, stable exchange rates or, best of all, the use of a single currency. Furthermore, fiscal policies must be uniform so as not to create distortions in the allocation of resources.

- Harmonisation of laws and regulations: If a market is to function efficiently, it must be regulated by a coherent set of laws and regulations adopted and implemented through transparent means.

- Integrated policies towards third parties: The integrated region must have common policies in areas such as foreign trade (e.g. adoption of common external tariffs), foreign direct investment, and negotiations with international organisations and external partners such as the World Trade Organisation or the European Union.

This outline of the measures that need to be implemented in the Southern Mediterranean is necessarily brief. Suffice it to say that their ultimate objective is the transformation of a

fragmented region into a coherent economic space where growth and sustainable development are possible.[5]

One particular implication of the above measures is that the current structure of the EMP needs to be changed. At present, all Euromed agreements are between the EU acting as a unit and individual MNCs. This model – variously designated as hub-and-spokes or bi-multilateral – has shown its limitations. New agreements involving larger entities are needed, such as those that the EU has with the Gulf Cooperation Council (GCC) and with countries of the Africa, Caribbean and Pacific (ACP) region. In the Mediterranean, such entities may be the UMA, or the group of Arab-Mediterranean countries, or even the League of Arab States.

In principle, the EU would not be opposed to this new approach, since it has often called for greater horizontal cooperation. But in practice, it has done little to encourage this form of cooperation, as it can be seen from the small portion of MEDA funds allocated to regional projects, or from its stand concerning the application of the rules of origin contained in the trade agreements signed with MNCs.

Of greater concern is the attitude of MNCs themselves. Obviously, adoption of the integration measures outlined above represents a formidable task under any circumstances, and most of all in the Arab world in its current state. The obstacles, profound or artificial, are numerous and daunting. But their severity has to be compared with the consequences that current policies are bound to have. All concerned parties have to determine whether the Mediterranean can afford a continued deterioration of social and economic conditions in the South. Algeria has been the country where that deterioration has been most visible and most dramatic, but the apparent stability in other parts of the Southern Mediterranean should not lull anyone into complacency. Warning signals are increasing in number and intensity, and problems are reaching a point where they will yield neither to a cosmetic treatment nor to repression.

Europe is currently concentrating its attention on extra-Mediterranean issues and sees no immediate reasons for investing further time and effort in areas beyond its southern borders. The message emanating from Brussels appears to be that the EU has done its part and that the ball is now in the MNCs' camp. The message is well taken but may ultimately prove to be self-defeating. It is true that change in the South cannot be imposed by outside actors, but it is equally true that it cannot come about when opposing forces are – directly or indirectly, purposefully or unwittingly – supported by outside actors, including the EU and its individual members.

Conclusion

The formation of regional blocs is becoming a major manifestation of globalisation and it is also a direct consequence of that phenomenon. To avoid marginalisation, Southern Mediterranean countries made partnership agreements with the European Union. Those agreements seek mainly to establish a Mediterranean free-trade area. However, it has been demonstrated that free trade alone, especially when it is restricted to selective goods, is detrimental to the weak participants and does not lead to sustainable welfare improvements.

Concurrently or at different periods, Arab-Mediterranean countries have also tried to create free-trade areas of different configurations, bilateral or multilateral (such as the UMA or the Arab Common Market). In so doing they too relied on the free play of market forces to achieve integration. Despite the fact that this approach yielded no positive results, they continue to resist efforts to adopt a proactive policy designed to create large fully integrated economic units similar to those existing in Europe, Latin America and Asia.

The Maghreb could be one such unit, although it may fall short of optimal efficiency. But however it is designed, regional integration should ensure that it neither excludes Europe entirely nor be totally subservient to it. The EMP needs to be revised in such a way that, while recognising that a

[5] All of the points mentioned are widely discussed in the literature dealing with integration in general and with the Euromed in particular. A succinct discussion of the utility of some of the measures and their positive impact on development in some Latin American countries may be found in Abdelkader Sid Ahmed, "Intégration maghrébine et intégration euro-méditerranéenne, leçons tirées du Mercosur" in GERM, *L'Annuaire de la Méditerranée, 1998*. Paris: Publisud, 1998, pp. 131-153.

perfect balance between its two new members – the North which is already integrated and the South which will have at least set in motion its integration process – existing gaps are at least reduced.

Assuredly, some may consider this new EMP as utopian. Others may dismiss the consequences of maintaining the status quo as alarmist. One can only hope that no events will give anyone the uncertain satisfaction of confounding them.

The Mediterranean Needs More Regional Cooperation

Eberhard Rhein

Introduction

During the past decade socio-economic development in the countries south and east of the Mediterranean has not been as impressive as Europe would have hoped. With the exception of Israel, none of the riparian countries has been able to make a giant step forward and reduce the blatant prosperity gap with Europe. GDP has grown in the range of 4-5% p.a., faster in the Eastern than in the Western Mediterranean, indeed also somewhat faster than most developing countries in Africa and Latin America, but not enough to give a real boost to the standard of living of a population that continues to grow by more than 2% p.a.

The socio-economic reform process has, no doubt, accelerated, under the positive impact from the World Bank, the European Union and the transition countries in Central and Eastern Europe. But protection against outside competition remains high, too high for countries that aspire to be integrated into the European and the world economy. As a consequence, trade among the Mediterranean riparian countries is not very intense; it amounts to less than 10% of their total foreign trade. The same goes for services and trans-border investments in the Mediterranean hardly exist at all.

Most of the economies in the region are tiny in terms of GDP. Still, the two major ones – Turkey and Israel – range among the 20 foremost economies in the world. It is not fortuitous that both rely heavily on manufacturing and modern technology as the main sources of income generation.

Could socio-economic development be accelerated, if the countries of the region embarked on a more active course of regional cooperation among themselves? The answer can only be in the affirmative. There is every reason to believe that the Mediterranean riparian countries would reap major economic benefits by following the examples of Europe, America and Asia in their efforts for more regional cooperation. Their – largely competitive and not complementary - economic structures are no more an obstacle to a more productive division of labour among themselves than was the case amongst European economies when they started their process of economic cooperation in 1950.

But four questions remain to be answered:

- First, what is the most efficient way to intensify their economic cooperation?
- Second, does the Barcelona process of integrating with Europe offer the optimum framework for such cooperation?
- Third, would sub-regional cooperation (Maghreb, Machrik) offer a viable and effective alternative to the Barcelona approach?
- Fourth, would a combination of the Barcelona and the sub-regional approach present the best and most viable opportunity?

The present paper will attempt to assess:

- The present state of economic cooperation in the Mediterranean;
- The results to be expected from the Barcelona process by 2015;
- The chances for more intensive economic cooperation in the Maghreb and the Marchrik by 2015;
- Some policy conclusions for the main actors involved in the region.

The State of Play of Economic Cooperation

Regional cooperation in the Mediterranean (outside the EU) leaves much to be desired. The region clearly lags behind most of the world in that respect. This is surprising considering that the Arab League is the oldest of all regional organisations; but it has – unfortunately – focused so much on "political" issues, above all on the Arab-Israeli conflict, that no energy seems to have been left for socio-economic development.

Leaving aside the fledgling Arab League there is presently no functioning framework for regional economic or trade cooperation in the Mediterranean. The two sub-regional groupings, one in the Maghreb, the other in the Machrik, that were proclaimed in the late 1980s have remained stillborn. The chances of their resurrection appear slim, especially in the Machrik. They would require gigantic changes in the domestic and regional setting; in any case, the treaties would need to be adapted to the changes that have taken place since.

In the Machrik, Syria and Lebanon have established an increasingly close economic and political cooperation. Even it is based on Syrian political domination, both countries seem to profit from it. In the long run, this may lead to a functioning federation. This would be welcome, provided it goes along with the establishment of democracy in Syria.

The lack of progress in the field of sub-regional cooperation in the Mediterranean contrasts with the impressive progress that the six-nation Gulf Cooperation Council has achieved during the past 20 years, not only towards the implementation of free trade and customs union, but also in the military and cultural fields.

The last two years have witnessed some positive signs for cooperation in the trade field. Two initiatives are being pursued in parallel. On the one hand, is the proposal for the progressive establishment of all-Arab free trade, launched by the Arab League and to be completed by 2007. Its implementation via product lists is patchy and bound to run into increasing obstacles as the participant countries will have to tear down barriers on sensitive products.

On the other hand, there has been the creation of a full-fletched free trade area among Egypt, Jordan, Morocco and Tunisia, as a corollary to their bilateral free trade agreements with the EU. This project was formally launched with the "Agadir Declaration" (Spring 2001). In the margin of the Euro-Mediterranean Ministerial Meeting in Brussels (November 5-6) the signatories confirmed their intention to complete negotiations of a multilateral agreement by the spring of 2002, with the hope of completing free trade within five years after the agreement enters into force, i.e. by 2007. Their agreement is meant to be open to all other Arab countries around the Mediterranean and beyond, with the GCC the most obvious "target". This scheme should draw on the bilateral association agreements with the EU, in particular the rules of origin, rules of competition, free trade in services, liberalisation of capital movements, at least for current account transactions.

What Economic Cooperation through the Barcelona Process?

Regional cooperation among sovereign states needs a strong challenge from the outside for, without outside pressure, the internal forces of resistance will be extremely hard to overcome, especially in countries with "weak" governments that are not always strongly committed to the long-term interest of their citizens. In the Mediterranean, the Barcelona process, started in the mid-nineties, constitutes the most powerful single force that might progressively push Mediterranean countries to engage in more intensive regional cooperation. Free trade between the EU and individual Mediterranean countries will serve as the catalyst for intra-Mediterranean and, in the longer term, even intra-Arab free trade. And free trade will in turn provoke a more general opening up of Mediterranean economies.

Turkey and Israel may be considered as the front-runners of this process. Since the middle of the 1990s, both countries are linked to the EU through free trade (even a customs union in the case of Turkey). It was therefore only natural that sooner or later both would also begin free trade

between themselves. Turkey had to do so in any case as a corollary of its customs union obligations towards the EU. Turkey and Israel are – so far - the only Mediterranean countries linked by free trade agreements. Their economic cooperation has been boosted as a result of it. Trade has increased substantially during the past ten years. There is also some foreign direct investment between them. Trade in services has become active, though primarily focused on tourism so far. These positive developments have been helped by favourable political circumstances, e.g. an emerging security relationship. This underlines the fact that economic cooperation cannot really flourish in the absence of a basic "political understanding" among the countries concerned.

Egypt, Jordan, Morocco and Tunisia, the four countries on the southern shores that have signed free trade agreements with the EU, have started a parallel process, the success of which is critically important for economic cooperation and socio-economic development around the Mediterranean.

- It will create a second pillar of free trade around the Mediterranean. Combined, these four countries represent an economic potential comparable to that of Turkey.
- Once the agreement is concluded, Turkey is likely to join the group. It has, in any case, to offer them free access to its market under the rules of its customs union with the EU.
- It will be followed in due time by Algeria, Lebanon and Syria after these will have concluded bilateral association agreements with the EU. For Algeria and Lebanon this should occur in 2002. Indeed, it is most likely that the association agreements with the EU will be signed in the course of the year. This would be a major breakthrough towards intra-Mediterranean free trade in general and towards the overdue economic integration of the Maghreb.
- The vast Euro-Mediterranean free trade area, which the EU Commission had projected when it launched the Barcelona process in October 1994, will thus be progressively put in place. It might be completed around 2015 rather than in 2010, as the EU Commission had optimistically targeted.
- The GCC countries will sooner or later join the process and thereby extend the geographic scope of free trade to the Gulf. The EU started negotiations for an EU-GCC free trade agreement in 2001. Provided both sides are willing to make the necessary compromises, it should be possible to complete negotiations before the end of 2002.

Politically and economically, it would be of paramount importance to have Israel join the grouping. Politically, this would underline the integration of Israel into the region. Economically, both Israel and its neighbours would benefit enormously because of their economic complementarities. This is, in particular, the case for Jordan, Egypt, Lebanon and Syria. Even if at present such a perspective seems hardly probable in the foreseeable future, it should be kept in mind, if only for after 2010.

The process will need the full support from the EU, both politically and technically. The EU must keep reminding its partners of the long-term vision that inspired the 27 partner countries to sign the Barcelona Declaration in November 1995. It has offered its technical assistance to the negotiation process. But, equally important, it should also help in the more difficult implementation process, if its partners so desire. Last but not least, it must facilitate the imports of semi-finished products and industrial inputs from the region by introducing total cumulation of origin to trade within the Euro-Mediterranean free trade area. The first steps to that end should be taken as soon as the first intra-Mediterranean free trade agreements have been signed.

Free trade among the Mediterranean countries should be seen as the first step for more in-depth economic cooperation. It is bound to give a push to cross-border investments, the setting up of joint ventures and a more intensive exchange of services and of ideas among the countries around the Mediterranean.

The establishment of a structured group of Mediterranean countries, comparable to that of EFTA in the 1960s and 1970s, will enhance their leverage against the EU when it comes to future

negotiations on matters as diverse as rules of origin, free movement of services, public procurement, movements of capital, foreign direct investment, banking, monetary cooperation, student exchanges, visa requirements, research and development, sanitary standards and agricultural trade. Taking a common stand vis-à-vis the "giant" EU will, of course, be very difficult to achieve; it requires the Mediterranean countries to learn how to put their common interest above national interests. But such an approach would at least prevent the "asymmetry of power", which is inherent in Euro-Mediterranean relations, from growing further. The EU should, in its own interest, strongly encourage its partners to rapidly move ahead in that direction.

Last not least, the progressive opening of the economies around the Mediterranean will have an impact on the economic and political reform process in the region. More intensive trade links will induce people from different countries to talk to each other, transmit ideas and help overcome stereotypes. Free trade implies freedom to travel, to communicate, to own property. It is incompatible with undue state interference in business and personal affairs. The process will therefore also become a catalyst for more market economy, democracy and the respect of basic human rights. That is, no doubt, one of the reasons why many political leaders in the southern Mediterranean have for a long time felt so wary and even afraid to rush ahead with free trade.

The Case for Sub-regional Cooperation

Assuming developments unfold as sketched out in the previous section, is there still a case for sub-regional cooperation? If so, what would it cover? What would it imply? And how can it be brought about?

There is definitely a case for a much more intensive cooperation on the sub-regional level. Confronted with an enlarged EU that will in the final event encompass essentially all of Europe (short of Russia) and all the northern shores of the Mediterranean (including Turkey), the southern and eastern riparian countries will feel increasingly "overwhelmed" by their northern giant neighbour. The "Latin America syndrome" will progressively become stronger, as the EU will turn into a more closely integrated external player.

In order to prevent being drawn into the maelstrom of European civilisation, material habits, media, ways of transacting business and its multinational companies, they have no choice but to "unite". They will have to define the most appropriate ways for such "unification", which should enable them to preserve their Arab and Muslim identities in the age of "globalisation".

From the European and a world perspective, Arab unity should be the leitmotiv for the 21st century. It is in the Arab and European interest. It will be a much better guarantee for peace and stability on Europe's fragile southern front than the status quo. Europe should therefore become the champion of Mediterranean and Arab unity and play a role of catalyst, comparable to the role the USA has played in the early stages of European integration.

The objective of Arab unity, a sort of Arab Union comparable to the EU, is no more than a long-term vision. Under optimistic assumptions, with sufficient pressure and challenges from within and from the outside world, its basic structures may be in place around the middle of the century. It will not come about in one go. It is more likely to start from a "core group" of countries, as the European integration started with only six core countries. It is equally likely that the economy will serve as the testing ground for more ambitious political integration. Presently the political regimes are too "nationalistic", too "egocentric" and also too "authoritarian" to be able to agree on a common set of values for joint governance. Gradualism should therefore be the key word for Mediterranean and Arab cooperation.

What might be the building blocks on which to found such an ambitious construction?

The GCC constitutes the most advanced example of regional cooperation in the Arab world but it is unlikely that it will ever be able to exert the leadership to serve as the core group for future integration. Its lifestyles and political regimes are too different from those in the Mediterranean;

geographically, demographically and even politically, the GCC countries are at the periphery of the Arab world.

Nor does the Machrik presently offer an encouraging perspective as the front-runner of sub-regional cooperation. It is torn apart by the unresolved Israeli-Arab conflict, exacerbated by profound divisions on governance and economic policy, personal ambitions of political leaders and tensions between Lebanon and Syria. There is, nonetheless, a strong case for Egypt, Jordan, Syria and Lebanon going ahead and forging closer economic – and even political - links in the face of increasing Israeli dominance.

Egypt should, indeed, take the initiative for a new "Arab Union", more pragmatic and realistic than the rapidly conceived project of the late 1980's. There are enough complementarities among the four countries. They dispose of the necessary entrepreneurial base; they have enough qualified labour to benefit from more interaction, from cross investment, common schemes in communication technologies etc. It would help Syria to overcome its inhibitions against further opening and facilitate the conclusion of free trade with the EU. It would impress Israel and make it think again about its own future integration in the region.

If Egypt takes the lead in creating an "Arab Union", it can count on Tunisia and Morocco to follow suit, the more so as they are already committed to enter into a free trade agreement with Egypt and Jordan. Why therefore not extend the negotiation among the four pilot countries beyond free trade in goods to services, to capital and labour movements, cooperation on standards, education, university exchanges and infrastructure? Jointly, these countries might, indeed, form the core of a wider Arab Union in the future. They are sufficiently close to each other to reach a consensus on a meaningful regional integration, from which to expand further in the medium term.

The alternative to such a comprehensive approach covering both the Eastern Mediterranean and parts of the Maghreb would be to revive the Arab Maghreb Union (AMU). Presently, this does not appear to be very realistic. Algeria constitutes the stumbling block; and Morocco and Tunisia are too fragile and disconnected to go it alone.

In conclusion, from today` s perspective, the most viable path to advance economic cooperation in the Mediterranean would be through a core group of six countries with a population of almost 150 people, an impressive economic potential and an ideal diversity of resources. But to make this happen, it will require Egypt to take the lead and both the EU and the USA to lend their full support to such a scheme.

It should aim at the progressive constitution of a "common market", comprising customs union, free movement of goods, labour, capital and services, harmonisation of basic economic regulations (VAT, customs, standards), "benchmarking" for necessary reforms in areas like education, macro-economic policy, privatisation, the role of foreign capital and the market economy. The aim should be to complete the common market by 2015, in parallel to EU-Mediterranean free trade. Its institutional framework should be kept to a minimum; but in order to be effective, a permanent Secretariat with a strong personality at the top is essential – a combination, as it were, between the EU Commission and the GCC Secretariat.

Such a structure, which would have to open to other Arab countries to join at a later stage, would be of enormous value: it would channel existing rivalries among political leaders into a framework of cooperation and productive emulation. It would give a strong impetus to more regional trade and thereby to increased economic efficiency and global competitiveness. It would help attract desperately needed foreign direct investment. Last but not least, it would improve the image of the region in other parts of the world, something that is urgently needed.

From the EU perspective, such a grouping would be a tremendous relief. If properly handled, it might develop into a major instrument for tackling the formidable socio-economic challenges that the region will face in the coming decades. The EU should therefore consider channelling a major part of its financial assistance through such a grouping (provided it offers the necessary guarantees for sound budgetary planning and management).

Conclusions

Both the EU and the Arab world need a critical re-assessment of regional cooperation. Regional cooperation is not an aim in itself. It must be seen neither as a "political gadget" that remains on paper nor as a substitute for urgently necessary domestic reforms, social, economic and political.

It has to be pursued with a clear long-term strategy behind it; both the objectives and the instruments to be employed must be clearly defined in advance. There is enough accumulated experience to demonstrate which good practices to follow and what failures to avoid.

During the past six years, since the Barcelona Declaration in November 1995, "regional cooperation" in the Mediterranean has lacked the clarity of vision and purpose required in order to progress. The EU has tended to confuse regional cooperation with a multitude of meetings of Mediterranean ministers, officials and academics. It had believed that having Israelis and Arabs in the same meetings would advance mutual understanding and peace.

The events of the 11th September 2001, the breakdown of the peace process, the slowness of economic and political reform in the southern and eastern Mediterranean, but also the recent efforts to go ahead with free trade among the Mediterranean partners may inherently embody a glimpse of hope for a new impulse to the Process. The EU and its Mediterranean partners should therefore review the situation and attempt to agree on a common long-term project construed around two basic elements:

- The overarching project of "European-Arab free trade" to be realised at the horizon of 2015, in parallel to the expansion of the EU towards the east and south. This would be the equivalent of the free trade area of the Americas (FTAA) that is emerging in the Western hemisphere.

- But, as in the Americas, there is need for a counterpoise in the south, if the structure is to be sustainable. The southern riparian countries of the Mediterranean, jointly with other Arab countries, should seek to establish their own regional system of economic and, progressively, political governance. This is the only way for them to regain more weight in their relations with the European "giant" and in the international system at large.

The moment has come for them to start this process, which will be arduous and long. It should start with a lead group of a few Mediterranean countries that realise the challenges ahead. Ideally, Egypt as the biggest Arab and Mediterranean country, situated in the very centre of the Arab world, should take the lead and find a few committed followers.

The EU should support any initiative that may generate a less asymmetrical relationship with its southern neighbours. It is in its interest as much as in that of its neighbours. It is an indispensable complement to the Barcelona process. Without it, the Barcelona process runs the risk of falling apart.

The foreign ministers from the EU and their Mediterranean partners should therefore, at their next meeting, appoint a task force, composed of high level officials from both sides, to elaborate recommendations on the future of regional cooperation among the Mediterranean countries on the on the one hand and between them and the EU on the other.

Regional Integration in the Arab World: Some Political Considerations

Gamal A. G. Soltan

Although Arabs have been appealing for intra-Arab economic cooperation for years their record in that regard is not impressive. Arab governments began seeking economic cooperation some years after the establishment of the League of Arab States in 1945. Agreements signed for this purpose sought the liberalization of the movement of goods, capital and labor among Arab countries. The first attempt toward trade liberalization in the Arab world took place in 1953. The 'Trade and Transit Trade Facilitation Agreement' was signed by seven Arab governments as a first step on the road toward intra-Arab regional economic integration. Since then dozens of multi- and bilateral agreements have been signed between Arab governments for the same purpose. The broadest and most far-reaching of these agreements were the agreement to establish 'The Arab Common Market' of 1964 and the agreement on 'The Facilitation and Promotion of Intra-Arab Trade' of 1981. The latter provided the foundations of the Arab Free Trade Area, which went into force in January 1998.

A recent study has reported the existence of 462 multi- and bilateral agreements for economic cooperation among Arab countries. Among these are 52 trade liberalization agreements. In addition, the Arab World has a large number of organizations, which cover almost all aspects of human activities, both economic and non-economic. In a survey conducted by the current author, 289 organizations have been counted. These organizations make up a large network that should provide solid infrastructure to sustain and enhance economic integration between Arab countries.

However, the Arab World's record in economic cooperation, let alone integration, is disappointing, for it is the least economically integrated region in the whole world. In terms of indicators of economic integration, except labor mobility, the Arab World has the lowest score compared with other regions, both in the developed and developing worlds. Tables 1 and 2 present the Arab World's record in regional trade.

Table 1
Intra-Arab Trade

	Value (bilion $US)				Annual Rate of Change		
	1996	1997	1998	1999	1997	1998	1999
Total Arab Exports	168.8	173.2	136	162.9	2.6	-21.5	19.8
Intra-Arab Exports	14.7	15.7	13.8	14.2	6.7	-11.9	2.9
Percentage of intra-Arab exports to total exports (%)	**8.7**	**9.06**	**10**	**8.71**			
Total Arab Imports	139.4	142.3	154.2	151.7	2.1	8.4	1.6
Intra-Arab Imports	12.4	12.7	12.6	12.9	1.9	-0.4	2.4
Percentage of intra-Arab imports to total imports (%)	**8.89**	**8.92**	**8.17**	**8.5**			

Source: Compiled from "The Arab Monetary Fund Annual" Report, 2001.

Table 2

Intra-regional trade in World regions

North America	Latin America	Western Europe	C./E. Europe/ Baltic States/CIS	Africa	Middle East*	Asia
39.8	17.3	67.8	26.6	7.6	6.5	48.9

*Not including north African Countries

Source: World Trade Organization

The Arab failure in proceeding toward regional integration finds its origins in the Arab failure in achieving economic development. Even though Arab countries in general score fairly modestly in terms of standards of living – most Arab countries fall in the category of middle income countries – these numbers do not accurately reflect the reality of Arab economies. Oil revenues, migrant labor remittances and foreign aid are – to a great extent - responsible for the levels of income present in most Arab countries, particularly in the Mashrik. The different kinds of rent collected in Arab economies, rather than economic development, make Arab economies look better than their real levels of economic development would allow.

The reasons for the low level of regional economic cooperation in the Arab world are political as well as economic. The political reasons for such a state of affairs is the focus of this paper. Economic development does not rank high among the priorities of Arab governments. Political structures in the Arab World make Arab governments more concerned about security and regime survival than about economic development. Arab economies, therefore, are managed to serve these interests. It is not unusual for a government to refrain from taking the hard decisions necessary for development lest it mobilize an angry public reaction. By the same token, governments tend to sacrifice long-term considerations for the sake of short-term concerns of political stability. Survival is a short-term concern that does not serve economic development - a long-term endeavor by definition. In the Arab World, economic development is sacrificed for immediate political and security considerations. Within this context, the Arab failure to achieve regional integration can easily be explained. Economic integration is a sophisticated and planned process to achieve economic development on the regional level. Commitment toward domestic economic development is a precondition for regional integration. When the former commitment is lacking, the latter is unlikely to follow suit.

There are a considerable number of arrangements for regional cooperation among Arab countries. However, Arab governments provide only weak signs of commitment toward these arrangements. From among the 163 regional trade agreements that are registered on the WTO's list of enforced free trade agreements, there is not a single intra-Arab agreement, except for the Gulf Cooperation Council (GCC). The absence of intra-Arab trade agreements from the WTO's list could due to the fact that those agreements do not conform to the WTO's standards of free trade. It also due to the Arab governments' reluctance to register the agreements they reach with other Arab governments in order not to lose the ability to evade them when needed!

The weak commitment toward regional cooperation can be concluded from the lack of implementation of the multiple agreements signed toward this goal. So far, the latest agreement, 'The Facilitation and Promotion of Intra-Arab Trade' of 1981, is the most serious attempt made by Arab governments in that regard. However, it took Arab governments more than sixteen years to issue the executive protocol of the agreement. It was not until February 1997 that the Social and the Economic Council of the Arab League issued the executive protocol necessary to make the agreement operational. In the first three years of the ten-year transition period for the liberalization of intra-Arab trade to be completed, three major obstacles have obstructed the effectiveness of the Arab free trade agreement: long lists of exempt goods, non-tariff barriers, and bureaucratic inefficiency.

However, the Arab failure in building a regional economic bloc should not be surprising. The failure of countries in developing regions to build economic regional blocks proved to be a universal trend. Arab failure in achieving regional cooperation, therefore, should be dealt with in relative terms, by comparing it with other regions in the developing world. Regional integration in the Arab World is obstructed by the same economic factors that obstruct regional cooperation in other parts of the Developing World. These include similarity in production output, low level of industrialization, heavy reliance on the export of raw materials, and single commodity economies, with a mono-export trade structure. Past experience shows that two conditions are essential for regional integration to take place. First, there must be at least one regional vibrant economy with a large market so that other regional partners could be encouraged to integrate with it. And second, the leading regional economy should apply the principles of liberal economics and free trade to the extent sufficient to make other regional partners willing to open up their economies in order to mobilize the regional dynamic. It is unlikely that the Arab World will generate such a dynamic regional power in the foreseeable future. This consideration, therefore, accentuates the importance of the role that an outside party could play in that regard.

In addition to these economic factors, however, regional integration between Arab countries is obstructed by a number of additional political factors. Most important among these factors is mistrust among the ruling elites in the different countries. The roots of such mistrust can be traced back to the founding experience of the Arab state-system, where rivalry and competition between the ruling elites dominated intra-Arab relations. Although much of such rivalry and its causes have disappeared, a great deal of the patterns and habits which had been developed during this era are still influential in current intra-Arab politics.

More important, the kind of intra-Arab rivalry of the early years of the Arab state-system badly damaged the potential for regional cooperation. The appeal of regional integration in the Arab World was derived from the ideology of Pan Arabism, which sought to dissolve Arab states into one encompassing and united state. For the ruling elites in different Arab countries, however, Pan Arabism was conceived of as a threat. However, the overwhelming influence of Pan Arabism, particularly its role as a source for legitimacy, did not allow these elites that were opposed to it to explicitly express their views. They chose, instead, to give lip service to the cause of Arabism, while pursuing their own national interests by ignoring and even undermining it. This applies to the policies of intra-Arab economic integration as well, since elites conceived it as an indirect way of achieving the threatening goals of Pan Arabism. Thus, the multiple agreements and organizations seeking intra-Arab integration can be explained by the influence of Pan Arabism and, at the same time, the tendency of Arab governments not to honor these agreements can be explained by their resistance to the political goals of Arabism.

The credibility of these regional integration endeavors was, therefore, badly damaged as a result of the way Arab politics had been managed. Again, even though the threat posed by Pan Arabism has gone, the lack of credibility of the idea still obstructs intra-Arab integration. While there is a great deal of agreement among Arab regimes on the benefits they could obtain should they proceed with regional integration, they hesitate to strongly commit themselves to it since they are not sure that the other parties will do the same. Regional cooperation in the Arab World has become like a public good, which everyone wants but prefers others to pay for it, at least in the early stages.

The continuity and political stability characterizing Arab politics allow for such attitudes to last long beyond the causes that created them decades earlier. Changing such attitudes requires changing the political parameters determining the patterns of activity in regional politics, particularly those affecting regional integration. Three approaches can be identified in that context:

1. Political reform and allowing new generations into the power structures and decision-making circles in the Arab World would help to develop fresh attitudes to intra-Arab relations. Political reform is essentially a domestic concern that has its own mechanism and pace. However, emphasizing the importance of political reform and applying subtle and indirect approaches to encourage it could be helpful.
2. A few leading Arab governments could lead the way to establish new patterns of behavior. Such a group of states could choose to form a block seeking serious and rapid economic integration. This is likely to happen among a group of like-minded states. The GCC countries

and the signatory nations to the association agreements with the EU could be candidates to perform this role.

3. The role of outside parties could be essential in compensating for the lack of trust and credibility for the ideal of intra-Arab integration. A credible outside party could help to guarantee the commitment of regional partners and assure them against the possibility of other partners failing to observe their commitments. The EU is the most appropriate candidate to play this role.

What has been presented above could be seen as a gloomy picture of intra-Arab integration. Recent years, however, have brought developments that could help to achieve some progress toward intra-Arab integration:

1. Many Arab governments have adopted liberal economic reforms. This trend applies to the Arab countries that have had past experience with command economy structures, such as Tunisia, Algeria, Egypt and Syria, as well as the rich oil producing countries that have traditionally adopted open market economies. In the former command economies, governments have embarked upon liberalization programs to privatize the large public sectors, to allow the private sector a greater role in the economy, to create the legal and institutional structures relevant to a market economy, to reduce governmental subsidies, and to liberalize foreign trade. In the rich oil producing countries, governments have launched programs to eliminate the generous system of governmental subsidies to private business, which had distorted the market mechanism for decades. Experience shows that market economies are much more likely to proceed toward regional integration than command economies. Moreover, the increased homogeneity between Arab economies, as a result of liberal reform, is conducive for regional integration.

2. Restrictions on foreign trade in Arab countries are in the process of being significantly reduced along the lines set by international standards. Out of the twenty-one members of the Arab League, eleven countries have joined the TWO as full members. Another five Arab countries enjoy observer status in the organization. Liberalizing the foreign trade of Arab countries is likely to eliminate the obstacles that obstructed the liberalization of intra-Arab trade since competition with products imported from Arab countries is less likely to be more challenging than responding to the imports from developed countries.

3. Six Arab countries –Tunisia, Morocco, Jordan, the Palestinian National Authority, Egypt, and Algeria – have signed association agreements with the EU. Negotiations with another two countries – Syria and Lebanon – and the EU are underway. Should the Mediterranean free trade area proceed as planned, it would be the first time for so many Arab countries to experience regional integration. Such an experience is likely to reduce the resistance of governments and the business community in the Arab World to regional integration. The change associated with such an experience could spill over to intra-Arab integration.

4. The member countries of the Gulf Cooperation Council are embarking upon a new program to deepen regional integration in the Gulf. The GCC summit of December 2001 adopted a decision allowing for the gradual expansion of the GCC to include Yemen. More important is the GCC's decision to complete the GCC custom union by January 2003 and to have a common GCC currency no later than the year 2012. Decisions to accelerate regional economic integration in the Gulf are associated with other decisions to consolidate the common security and defense arrangements between the Gulf countries. Integration in the Gulf could be an important building block toward intra-Arab integration.

5. The Arab League is going through a reform process that could help reinforce the League's contribution to intra-Arab integration. Two important developments are currently taking place in that regard. Firstly, there is the decision taken at the October 2000 Arab summit to convene a summit of Arab leaders on a regular annual basis in March every year in one of the Arab capitals, according to alphabetical order. The first regular Arab summit took place in March 2001 in Amman. The next summit was held in Beirut in March 2002. Considering the important role of the summit in the decision making structure of intra-Arab relations, the new arrangement could strengthen its institutional dimension. The ad hoc Arab summits used to be overwhelmed by the regional crises they were convened to handle. The new

arrangement, instead, could allow Arab leaders to focus on the long-term aspects of intra-Arab relations, including intra-Arab economic integration.

On the other hand, some of the factors that used to obstruct intra-Arab integration are still in place. Among these are the following:

1. The lack of domestic political reform in the Arab countries to accommodate the new trends in regional cooperation, whether intra-Arab or Euro-Mediterranean. Political reform is essential to bring in new political forces free of the attitudes and values that have been hindering regional integration for years. Political reform should allow for a greater deal of transparency and accountability, which are necessary conditions for liberal economic reform and regional integration.
2. The overwhelming influence which Arab bureaucracy enjoys within Arab politics could seriously damage the window of opportunity for intra-Arab cooperation. Bureaucracy in the Arab World tends to be hostile to openness and private initiative. This is particularly the case in the former command economies, where the entrenched bureaucratic values and culture are highly suspicious of foreigners, civic society, private sector and individualism. Bureaucracy in general is resistant to change. But the weak control exercised by the Arab public over Arab bureaucracy allow the latter to evade the reforms condoned by the public and sometimes even by the top levels of government. A great deal of the slow pace of reform in the Arab World can be attributed to this influential bureaucracy. The weak commitment which Arab governments have demonstrated toward regional cooperation could also be said to have occurred for the same reason. The immediate danger of this powerful bureaucracy is derived from its tendency to fall back on the old policies of the command economy and state intervention. This could particularly happen in response to difficulties the economy might face, as in the current era, in the wake of the events of September 11th, 2002
3. The regional political and security situation in the region is not conducive to encouraging policies of openness and integration. The stalled peace process and the deteriorating relations between Arab states and Israel allow the conservative forces of protectionism and state control to maintain influence. The current situation in the region makes the public more receptive to conservative values and arguments for protectionism. The war on terrorism and the tensions in the relations between Arabs and Muslims, on the one hand, and the West, on the other, causes further complications.

Finally, it is very important to re-establish regional integration in the Arab World on a new basis. Regional cooperation in the Arab World has been sought for decades as a means to achieve political goals. Without ignoring the political motives for regional integration, the over-emphasis on politics may distort the endeavor to achieve economic integration. In the Arab World regional integration has been perceived as a means to build a closed block, using economic capabilities for political purposes. Intra-Arab integration used to be entrenched in the traditions of protectionism on the regional level. The old approach to intra-Arab integration was highly influenced by the old traditions of regionalism that sought closed and rival blocks. Many in the Arab World still perceive regional integration in this way.

The new wave of regional economic integration is grounded in openness for trade and investment, rather than in protecting regional markets and managed trade. The largest number of regional arrangements registered with the WTO are essentially of this type. Regional economic arrangements in the Arab World are more likely to be of this type if they are linked in some way to the regional arrangements taking place in the North. The role of outside parties, particularly the EU, is essential in building a sustainable framework for intra-Arab integration in accordance with the prevalent trends in the global arena.

Sub-regional cooperation across the Mediterranean

Richard G. Whitman

The objective of this paper is to assess what constitutes sub-regional cooperation and to assess what factors are necessary to achieve successful sub-regional cooperation. In considering these latter two elements the paper suggests that it is possible to make an assessment of the reasons for the paucity of subregional cooperation across the Mediterranean region.

1. No regionalism; no-sub-regionalism?

Turning to the academic literature on sub-regionalism it is striking that there is a lack of quantity. In contrast to regionalism, sub-regionalism is a 'Cinderella' subject neglected in both theoretical and empirical terms.

The majority of analyses of subregional integration that have been undertaken focus upon subregionalism *within* a clearly defined region. A key starting point for the existence of sub-regionalism is, therefore (and obviously), the existence of a region within which sub-regionalism can take place. This seemingly obvious statement is of considerable importance when the Mediterranean is considered because of a strongly prevailing view that the Mediterranean is a *non-region* adjacent to two regions: Europe and the Middle East (Calleya, 1997). Therefore a key ingredient apparent in establishing successful sub-regionalism is absent in the Mediterranean.

Examinations of European sub-regionalism make the point that sub-regional organizations contribute to the stability and security of a region. Indeed, the existence of a significant number of sub-regional organizations may be a good indicator of the 'health', or put in other terms, the security and stability, of a region. The emergence of significant numbers of new subregional organizations in Europe post-cold war (for example, the Barents Euro-Arctic Council, Council of Baltic Sea States, the Visegrad group, the Central European Free Trade Agreement, the Central European Initiative, and the Black Sea Economic Cooperation) is therefore seen as the product of a more benign cooperative environment (Cottey, 1999). The inference to be drawn from this example is that the emergence of greater sub-regional co-operation in the Southern and Eastern Mediterranean would be dependent upon an enhancement in the relationship between the Mediterranean basin states i.e. dependent upon the reinvigoration of the Barcelona process.

An illustration of the poor health of sub-regionalism in the Mediterranean is that one of the very few recent studies of comparative sub-regionalism attempts to systematically study sub-regionalism, by survey, but does not contain a chapter on the Mediterranean (Hook and Kearns, 1999).

Sub-regionalism within the Mediterranean, therefore, from an academic perspective, is largely recognised as an extinct, or non-existent species. There are, however, exceptions to this view, and there are commentators who have suggested that the Mediterranean is itself a collection of subregions (Southern Europe, the Balkans, the Maghreb and the Mashreq) in place of a region (Calleya, 2000).

2. Sub-regionalism and sub-regionalisation

A distinction should be drawn between sub-regionalism and sub-regionalisation. This draws upon a distinction in the literature on regionalism that distinguishes between regionalism (driven by states) and regionalisation (driven by markets) (Gamble and Payne, 1996). Therefore *subregionalism* is driven by states and *subregionalisation* is driven by markets and non-state actors. Sub-regionalisation in the Mediterranean is in a better state of health than sub-regionalism . We have highly developed sub-regionalisation in Southern Europe, we have had the disintegration of sub-regionalisation in the Balkans in the last decade, and we have limited sub-regionalisation in the Maghreb and the Mashreq. The relative health of sub-regionalisation in these four sub-regions illustrates, however, that sub-regionalisation is most successful in conditions in which states are supportive, or minimally not obstructive, of the market.

3. Making successful sub-regionalism

To be clear about what constitutes sub-regionalism, and to identify what makes for successful sub-regionalism, a number of factors need to be present. Sub-regionalism is created and sustained only if there are a number of elements in place. These can be characterised as *engaged actors*, *a multitude of sectors, formal and informal sub-regionalism,* and *open rather than closed subregionalism*.

Engaged actors

Powerful generators of contemporary subregionalism are: a) states that find themselves in a weak position in the global political economy and seek to regain greater control over economic activity; b) and/or increase collective bargaining power; c) and/or generate increased security and prevent conflict. Each of these factors act as powerful incentives to stimulate sub-regional co-operation. The exemplification of a sub-regional organisation generated by all of these factors is the Gulf Co-operation Council (GCC). However, these factors are not sufficient and the attractiveness of sub-regional co-operation requires states to be convinced that benefits derived from sub-regionalism have a lower cost than operating unilaterally.

A multitude of sectors

The Euro Mediterranean Partnership process is itself an expression of differentiated sectoral co-operation. Transposed to sub-regionalism it is relatively easy to identify potential sectors of sub-regionalism: political, economic, environmental, societal, military immediately spring to mind in the context of the Mediterranean. Each of these sectors of possible sub-regionalism could be generated by different constellations of actors. It therefore becomes possible to identify a wide variety of possible sub-regionalisms that could be created in different sectors. It should also be noted that that the effects of the formation of sub-regionalism groupings are not uniformly positive. The formation of Eurofor and Euromarfor, sub-regionalism in the military sector, was perceived with concern by non-European states in the Mediterranean region.

Formal and informal subregionalism

The Euro Mediterranean Partnership is a formal process driven by state actors. Formal sub-regionalism might likewise be considered in these terms, i.e. driven by states (and regional or international organizational) actors. Informal sub-regionalism is driven by non-state actors. Indeed, informal sub-regionalism may be an essential counterpart of successful regionalism. There is therefore a matrix of possible sub-regionalisms involving a variety of actors, sectors and either formally, or informally, driven. However, this paper will focus primarily upon formal sub-regional integration.

Open rather than closed sub-regionalism

Sub-regionalism also operates in 'open' and 'closed' terms. Open sub-regionalism is that which is receptive to the addition of new participants, closed sub-regionalism is not. Sub-regionalism, is, by its nature, limited in the range of possible participants. The range of possible participants may be restricted by the remit of the organization (for example, the Council of the Baltic Sea States limits by geography) or by its functional orientation. However, implicit in sub-regionalism is that greater proximity stimulates greater interdependence. Subregionalism is, however, the reflection of a conscious political process and existence as an open, or a closed, entity is reflective of the collective identity of the participants.

4. Sub-regionalism at work in the Mediterranean

If this general analysis of what constitutes successful sub-regionalism is applied to the Maghreb (the most developed sub-regionalism in the Southern and Eastern Mediterranean) the inevitable conclusion is that the condition of formal sub-regionalism is poor.

A common observation of the implementation of the Euro Mediterranean Partnership, and the relative weakness of the multilateral track, as opposed to the bilateral track, is that it operates as a hub and spoke arrangement with the North representing the hub and the south the spokes. Another commonplace observation is that in the 'north' relations between sovereign states are largely co-operative as the states have become more integrated. This is contrasted with the 'south' where a pattern of fragmentation has continued to dominate relations with the countries of the south are keen to interact individually with the north but relations between one another are intermittent and marked by hostility. This pattern of fragmentation is reflected in the paucity of sub-regional initiatives with only two significant formal sub-regional organization that draws southern Mediterranean non-EU states together: the *Arab Maghreb Union* (AMU)/*Union du Maghreb Arabe* (UMA) and the Community of Sahel-Saharan States (CEN-SAD).

The AMU, established by treaty signed in February 1989 (signatories Algeria, Libya, Mauritania, Morocco, Tunisia) is the only 'true' Mediterranean sub-regional organization. The AMU can be characterised as a formal subregional organization (states being the signatories) with limited institutionalization and a permanent secretariat. The AMU is sectorally wide with conventions signed by the member states covering trade, social and cultural matters. It is an open regional organization with its founding Treaty permitting additional members. These are positive elements of the AMU as an entity. However, at best one could say that the there is the maintenance of the procedures of the AMU but this is no substitute for progress in the objectives that the organization set for itself. Additionally, as noted above, effective sub-regionalism stimulates sub-regionalisation and the weakness of AMU has not led to an appreciable expansion of economic activity between its members. The cultural, religious, and linguistic heritage shared by the AMU members should present a favourable foundation for successful sub-regionalism. However, this is not an essential pre-condition for successful sub-regionalism (as ASEAN demonstrates) and the shared perception of a common external security concern may provide a more effective basis for co-operation (see for example the GCC and ASEAN).

The negative forces at work here are that the organization remains moribund because of the bilateral dispute between Algeria and Morocco over the settlement of the Western Sahara issue, political crises affecting the members, and Libya's disputes with the international community, that have retarded the development of the AMU. Indeed, there are strong parallels between the progress of the Euro-Mediterranean process reflecting developments in the Middle East peace process and developments in UMA tied to the starting (and stopping) of progress on the resolution of the Western Saharan issue.

It difficult to see the contribution that the EU could make to the reinvigoration of the AMU through the Barcelona process as the obstacle to the enhancement of relations within the grouping does not appear to be resolvable through Euro-Mediterranean structures. However, the EU Member States could collectively consider making a greater contribution, through a joint action of the Common Foreign and Security Policy, to the resolution of the Western Saharan issue.

The second sub-regional organization of note, the Community of Sahel-Saharan States (CEN-SAD), has states as the primary actors and contains four Mediterranean states among its sixteen member-states (Egypt, Morocco, Libya, Tunisia). Founded in 1998, Morocco and Tunisia joined CEN-SAD in 2001 because of little hope that the UMA would be revived. CEN-SAD also represents open sub-regionalism and although more sectorally limited (focusing on trade) and less ambitious than the AMU, it currently has a dynamic at work but its membership extends beyond the Euro-Mediterranean partner states. The strengthening of CEN-SAD would also have the paradoxical effect of weakening UMA which would undermine the desire to strengthen sub-regionalism among Euro-Mediterranean partners.

With the current poor condition of formal sub-regionalism, and the limited scope for the enhancement of formal sub-regionalism through the Euro-Mediterranean process, informal sub-regional perhaps presents an area in which there could be greater scope of interventionism. However, the verdict on Euro-Mediterranean Partnership programmes that have promoted such developments is that such programmes need to be in operation for significant periods before such interventions can be judged a success or a failure (Giammusso, 1999).

5. Conclusion

Effective sub-regionalism can be understood as an important contributor to the generation of security, furthering understanding, facilitating the tackling of common problems and conditions for wealth generation. In comparison to Europe, Asia, the Americas, the Mediterranean is under-developed in terms of formal and informal sub-regionalism.

Identifying the conditions in which sub-regionalism could be enhanced in the Mediterranean through direct intervention within the Barcelona process appears problematic. As with the Barcelona process in general, unresolved disputes between the states of the Mediterranean represent the most significant constraint upon the deepening of sub-regionalism.

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Regional and Sub-regional Cooperation on Conflict Prevention in the Mediterranean

Fred Tanner

Introduction

The objective of this study is to bridge the conceptual and practical approaches to conflict prevention and to explore sub-regional and regional applications in the Mediterranean area. The Mediterranean continues to be one of the most violent regions in the world and is, therefore, in urgent need of effective conflict prevention. Conflict prevention is a notion that deals with techniques, instruments and the frameworks of conflict avoidance and conflict resolution.

The problem for conflict prevention and thus also for this study is that there is currently numerous "hot" conflicts destabilising the region. War continues to be part of the fragmentation process in the Mediterranean. This makes the implementation of conflict avoidance policies much more difficult, especially as adversaries, certified conflict solvers and certain Barcelona states may have different expectations for conflict prevention for the region.

Conflict prevention cannot work without a profound and analytical understanding of conflict causation. Conflict causalities in the Mediterranean region include the struggle for nation building (Israeli-Palestinian conflict, Kurdish conflict), Islamic fundamentalism (Algeria), communal incompatibilities (Lebanon) and secessionism (Cyprus, Western Sahara). Such causation is overlapped by or fuels inter-state rivalries over the control for territory. Examples include the dispute between Israel and Arab states, the Algerian-Moroccan rivalry over the Western Sahara, the Greece-Turkey conflict over Cyprus and the Aegean Sea. Other inter-state conflicts are sparked by the support of terrorist groups (Turkey-Syria on the PKK; Israel-Lebanon on Hisbollah). All of these rivalries have a great potential of conflict escalation with devastating effects upon the entire Euro-Med region. Not mentioned here -- because they fall outside the geographical scope of this study-- are both Iraq and Iran that have solid records of promoting political violence and war with direct consequences for Partner states.

Other causal explanations for conflict occurrence in the Euro-Med region are more of a structural nature with a main focus on authoritarianism, underdevelopment and social injustice. Added to this is the general sense of domestic and international insecurity that leads to militarisation of inter-state relationships and to regional and sub-regional arms races that include the build-up and proliferation of arsenals of weapons of mass destruction.

The dilemma of how to promote a "conflict prevention culture" in face of deadly conflicts has haunted the Barcelona Process from its beginning. With the risk of oversimplification, it can be argued that the political acceptance of the Barcelona Process by Israel and a number of Arab states was made possible by the Barcelona commitment not "to replace the other activities and initiatives undertaken in the interest of peace, stability and development of the region, but that it will contribute to their success". In other words, the Barcelona Process should not address conflicts per se, but it could provide political and other support to other initiatives. For the time being, conflict management initiatives are either dependent on the United States (Middle East Peace Process), or the United Nations (Cyprus, Western Sahara). In its six years of existence, the Barcelona Process has not been able to adopt any kind of policy stance towards these conflicts. The Barcelona Process can, however, address the root causes of conflicts and also more visibly their consequences such as refugee flows, migration, organised crime and socio-economic developments.

With the above reflections in mind, this paper will first critically examine the conceptual viability of sub-regional conflict prevention in the Barcelona framework. It will then elaborate on what kind of conflict prevention is useful under the Barcelona constrains and obstacles. In its second part, the study draws up a roadmap for future conflict prevention efforts in the region while taking stock for each category of the existing projects, measures and instruments.

1. Regionalism, Sub-regionalism and Conflict prevention

The Mediterranean is certainly no "natural" region, despite of its historical legacy.[1] Regionalism is defined in terms of identity, social, political and economic interactions or by a special geographical relationship. All this seems not to apply to the Mediterranean. What has been acting as a regional integrator is the very high propensity of conflicts that continues to destabilise the Euro-Mediterranean region. In this sense, Mohamed Ayoob argues that the simultaneity of the state-making process of Third World countries, "their artificial, colonially imposed boundaries, and the consequent overlap of affinities of significant segments of their populations across state boundaries, these states constitute regional subsystems based more on overt or latent conflict than cooperation."[2] The interdependence of vulnerability seems to constitute a common concern that has received the highest priority in the Barcelona Declaration, but also in other pan-regional forums, such as the OSCE and its Charter for European Security.[3]

For the topic of conflict prevention—the main focus of this study--a regional setting remains essential, however. Not only should conflict prevention contextualise the emerging or latent conflict before it turns violent, it should also "move upstream" towards the causes of such conflicts.

There are currently no pan-Mediterranean institutions in the domain of security, peace and conflict prevention. The failure of the Marseilles Ministerial Meeting to adopt the Euro-Med Charter for Peace and Stability is a clear indicator that there will be no such institution in the foreseeable future[4]. As regionalist concepts converge on the assumption that institutions are essential for the promotion of region-specific interactions, the Mediterranean will require some institutional framework requiring some integrative effects on conflict prevention.

The single most important institutional reality in the region is the European Union's extension towards the South. Indeed, any regionalist approach to the Mediterranean needs to take into account the fact that the EU will be extended deep into the Mediterranean by the accession of Malta and Cyprus in the near future and by a special relationship with Turkey that is also part of the accession track.

There are other regional or sub-regional institutional frameworks, yet they are either dormant (Arab Maghreb Union), do not have operational capacity in matters related to peace or security (Arab League) or are oriented towards sub-regions outside the Barcelona framework (Black Sea Economic Council).

Regional and sub-regional integrative frameworks, however, can also exist on the basis of sub-state interactions: They can have a stimulating effect of the social learning of groups and individuals by increased communication, interaction and exchange among states and among civil societies. Such learning can be guided towards conflict prevention and more generally towards the promotion of attitudes encouraging peaceful conflict solving. These policies promoting social learning rest on the Deutschian assumption that a partnership or community of states is based on the same pluralistic value system. This represents an end state to which the Barcelona Declaration aspires, but is currently far from reality.

2. Change of Nature of Conflict Prevention

The definition of conflict prevention has evolved over the last years. The Agenda for Peace is still an authoritative basis for the post-Cold War period. It defines conflict prevention as "action to prevent disputes from arising between the parties, to prevent existing disputes from escalating into

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[1] Stephen Calleya, Navigating Regional Dynamics in the Post-Cold War World (1996)
[2] Ayoob, Mohammed, The Third World Security Predicament: State Making, Regional Conflict and the International System, Lynne Rienner Publishers, Boulder, London, p. 57.
[3] The Charter for European Security, (OSCE, Istanbul 1999), states that "security in areas nearby, in particular in the Mediterranean area (…) is of increasing importance to the OSCE. We recognise that instability in these areas creates challenges that directly affect the security and prosperity of OSCE States."
[4] . Roberto Aliboni made the point recently that even if there would be a breakthrough in the Middle East process, other so far low-key differences would still prevent the creation of a Euro-Med security community

conflicts and to limit the spread of the latter when they occur".[5] According to the "Agenda" conflict prevention instruments include

- Early warning;
- Confidence-building measures such as the exchange of military missions;
- risk reduction centres, information exchanges, monitoring of regional arms control agreements;
- Fact finding missions "in accordance with the Charter";
- Preventive deployments, i.e. inserting armed forces before a crisis develops; and
- Demilitarised zones.

Scholars of conflict prevention go beyond the scope of the "Agenda" and give more prominence to mediation, "frontline diplomacy" and, especially relevant in the aftermath of the 11th of September, the developmentalist diplomacy that concentrates on root causes of conflict, such as underdevelopment, resource competition, proliferation of weapons and social injustice, including massive human rights abuse.

Finally, a significant change has happened under the primacy of the liberal school of international affairs. Conflict prevention from a Western perspective is today very much an exercise of democratisation and liberalisation of a state at risk. This vision was enshrined in the 1996 Communication of the Commission on conflict prevention. The 1997 OSCE Guidelines on Conflict, Peace and Development, in turn, took this up in an elaborated form. According to this view, characteristics of long-term stability are "sustainable economic development, democracy and respect for human rights, viable political structures and healthy environmental and societal conditions, with the capacity to manage change without to resort to conflict".

For the purpose of policy recommendations in this study, it is essential to distinguish between structural prevention, i.e. long-term prevention ("projecting stability") and short-term prevention ("reacting quickly to nascent conflicts").[6] In the Euro-Med context, policy recommendations can be worked out for structural prevention primarily: it is, in essence, an investment in sustainable development and deals operationally with the roots of conflicts.

3. Constraints to Symbiosis on Regional Conflict Prevention

The major constraint to conflict prevention cooperation in the region is the deadly conflict/conflict prevention dichotomy outlined at the beginning of this study. But, even if this dichotomy would not exist, there remain numerous other impediments. To begin with, conflict prevention has to be cooperative, i.e. conflict prevention actors need to be in a continuous constructive relationship with local and national actors of the partner state at risk. We should not forget that the responsibility for conflict prevention still rests with national governments. Southern states may easily perceive conflict prevention as yet another attempt by the West to create an instrument to interfere into their internal affairs. This is also due to Western mishaps concerning the launching of Euromarfor, supposedly a benign instrument of Western crisis management, but perceived by Southern countries as an interventionist tool. Resistance comes also from Europe, where decision-makers would not be very enchanted with the emergence of a conflict prevention mechanism that would have its own Mediterranean identity and that may undercut or rival the EU conflict prevention mechanisms emerging under the European Security and Defence Policy (ESDP). Moreover, the 11 NATO members of the EU would not be interested in a conflict prevention actor or institution in the Mediterranean that may have unfriendly or suspicious stakeholders towards NATO or the US Sixth Fleet in the region.

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[5] Boutros-Ghali, An Agenda for Peace, United Nations, 1992.
[6] Communication from the Commission on Conflict Prevention, Brussels, 2001 p. 6.

Conflict prevention could also stumble over divergent threat assessments in the Mediterranean region. The Northern parts of the Mediterranean perceives security threat today primarily in terms of "cross-cutting" destabilising activities such as drug and human trafficking, organised crime and international terrorism. For the Southern states the primary threat comes from territorial disputes, internal and external challenges to regime legitimacy and underdevelopment. This important cleavage of North-South threat assessments will make the creation of a regional conflict prevention platform extremely challenging.

Part II

1. A Roadmap towards a Family of Conflict Prevention Clusters

Part I of this study has shown that there is little room for regional or sub-regional cooperation on conflict prevention. There exists no sub-regional conflict prevention mechanism or institution in the Southern part of the Mediterranean and the existing and emerging mechanisms of conflict prevention in the North (EU, OSCE) lack legitimacy with the Southern Mediterranean Partner states.

Keeping these observations in mind, the following conclusions can be drawn:

- There exists a clear and present need of a pan-Mediterranean conflict prevention mechanism
- The creation of a formal sub-regional conflict prevention mechanism in the South would be both conceptually unsound and practically difficult to achieve. This does not mean that sub-regional or local efforts should not be encouraged—at the contrary they may become important building blocs of a Mediterranean conflict prevention culture.
- In order to get the support of the Southern states for joint efforts, the crisis prevention efforts should rest on the political dialogue and cooperation should be confined to civilian aspects.
- Southern support will fade if the debate around conflict prevention is geared too much towards the promotion on governance and human rights.
- In order to get the support of the EU, the mechanism needs to be compatible with the mainstreaming efforts of EU regarding conflict prevention and in particular in relation to the ESDP.
- NATO, the main security organisation in Europe, should not be involved in regional cooperative efforts on CP.

No master plan or grand strategy can bring about coherent and legitimate conflict prevention to the region. The response to conflicts in the complex and fragmented Euro-Med area can only be multidisciplinary, modular and pluralistic. This can be in the form of various clusters of conflict prevention that are autonomous but follow guiding principles of the Euro-Med partnership.

What counts is to raise the transparency in the region on the potential for conflicts and take advantage of local and sub-regional convergence and motivations to engage in conflict prevention-specific collaborative projects that may have a spillover effect on the regional level. This bottom-up approach could be complemented by top down efforts of enhancing the inter-state responsiveness to nascent conflicts by an enhanced political dialogue. Finally, the Barcelona partners need to accept the reality of the EU drive towards a conflict prevention strategy that could have a serious impact upon Mediterranean efforts of conflict prevention.

Bottom-up

Early warning and conflict management should be geared prima facie towards insecurity of individuals in the Euro-Med zone. Insecurity stems not just from poverty, underdevelopment or armed conflicts within or among states. Insecurity is also the result of arbitrariness of the state, its

security forces and the inadequacy of the judicial or penal system. Stability, and security, including human security, remains essential conditions for the Barcelona Process to achieve its goals.

For this purpose, any policy promoting conflict prevention should include in its recommendations the improvement of "social learning" throughout the region in the field of security, conflict management and peace building. Such activities would involve more programmatically civil society in long-term conflict prevention efforts. Some punctual efforts are currently on the way in the Euro-Med area, based primarily on capacity building and training. The EU supported election observation programmes in the West Bank/Gaza Strip, as well as the creation of a Euro-Arab dialogue between women (Women's Centre in Gaza)[7]. Another example of civil society cooperation is the establishment of EXACT, a regional framework for water management run by an action team made up by Israelis, Jordanians and Palestinians. The process of social learning could be advanced by encouraging regional networks, such as EuroMesco to include in its CP studies young scholars from different cultural backgrounds.[8]

Euro-Med would need a focal point for conflict prevention networks that are developed within civil society. An example of such efforts are the IAI (Istituto Affari Internazionali) initiative to set up a nucleus for conflict prevention in the Euro-Med framework, with the objective of developing an integrated model for early warning and response planning (EW&R), that also includes country conflict profiles (CCP) and CP-networking with other institutions in the Mediterranean. The project was launched in 2000 and it is part of the Euro-Med Conflict Prevention Chain that should lead to a "Euro-Med Conflict Prevention System". Each building block of the Chain—early warning; policy analysis; planning; implementation and assessment—represents a phase in the process of conflict prevention. For the time being, the major tool is the country conflict profile software that includes questionnaires and assessment templates.

There are numerous civil society projects pertinent for conflict prevention on sub-regional level. Most of them are in the Near East or in the Eastern Mediterranean and are financed by foundations, development agencies of Western states or the MEDA programme. Examples include the:

- cross-national creation of textbooks for high schools in Israel and Arab states on Israel-Arab relations and Arab minorities in Israel;
- teacher training workshops for Israeli Arab and Jewish secondary school educators and the development of curriculum and other materials in conflict resolution and inter-communal understanding, published in Hebrew, Arab and English;
- project of problem-solving workshops for politically active women from Israeli and Palestinian communities;
- joint training of Greek-Cypriots and Turkish-Cypriots in conflict resolution skills, and the participation in project design and implementation of multi-track diplomacy approaches to the communal conflict in Cyprus.[9]

2. Transparency building, information dissemination and analysis

As mentioned earlier, the main challenge in the Mediterranean is to overcome the high information costs in the field of national and regional security. For this purpose, Stephen Calleya suggests the establishment of a "Euro-Mediterranean Development Centre" with the primary objective of "dissemination of information relating to the Euro-Mediterranean process in an effort to enhance the level of transparency"(…).[10] Such a Centre or Unit responds to the minimal requirements of a

[7] Communication from the Commission on Conflict Prevention
[8] For example, the terms of reference for funding projects in other cross-cultural regions make it a condition that at least 50% of the researchers involved in the project are less than 35 years. CSS-BiH.
[9] Information from the United States Institute for Peace (USIP).
[10] Stephen C. Calleya, "Regional Dynamics in the Mediterranean," in Calleya, S. (ed.) Regionalism in the Post-Cold War World, Aldershot, Ashgate, 2000, p. 125.

regional integrative framework that facilitates the communication and informed analysis in the conflict prevention domain. As a cluster it could be the core of what could become eventually a Euro-Med early warning unit. Activities of the Centre could include:

- Development of conflict impact assessment tools;
- Establish and updating of knowledge base
- Establishment of conflict indicator for monitoring and evaluation
- Facilitate institutional communications in the Euro-Med zone (Arab League, EU, OSCE, NATO)
- Develop a list of early warning indications that could be submitted to the Barcelona committee for approval.
- Assessments of the mitigative efforts towards conflict escalation

In its capacity as a centre of policy study and in-depth-analysis, the Centre would have to explore the causalities of conflicts in the Mediterranean region with consequences of such conflict upon the societies of the Barcelona Partnership; and make recommendations for short-term and long-term policy responses. It could, eventually host and support a Blue Ribbon Commission on Conflict Prevention in the Med (à la Carnegie Commission on Preventing Deadly Conflict). It would appear appropriate if EuroMesco with its network and expertise would be associated to these activities.

A further dimension is the operationalisation of the concept of early warning that has been examined by Radoslava Stefona. She argues, for instance, that the Barcelona acquis of cooperation could serve as a early warning instrument for the Euro-Med region, both on a more abstract (through consensus statements) and on a functional level (Euro-Med System of Prevention, Mitigation and Management of Natural and Man-made Disasters).[11]

3. Public policy arrangements for short-term response to emerging conflicts

The Barcelona Committee of Senior Officials could play a crucial role in conflict prevention through its political dialogue. It could aspire a well-coordinated policy response, first through its political dialogue and then through more specialised forums or sub-regional round tables. The political dialogue of the Barcelona Partner states is crucial for the legitimacy of any conflict prevention or preventive diplomacy in the Mediterranean region. The problem is often not the lack of warning but the passive attitude of governments in risk areas. Only a political dialogue on regional level could address this problem effectively.

The June 2000 "Progress report" of the Barcelona Process suggested a number of political actions that could be taken at the level of the Barcelona Committee. It suggest that the Committee should:

- hold emergency meetings in the event of tensions or crises, using the "dialogue as an early warning procedures".
- use the dialogue as an "information-sharing process.

To support a more structured approach to early warning and information sharing, there is a need for "structures that would facilitate crisis prevention meetings and common perceptions in identifying structural risk factors and root causes of conflict".

The political discourse of the Barcelona Process after the 11th of September has shifted towards the issue-areas of terrorism and cross-civilisational understandings. In this context, the Brussels Euro-Med Ministerial meeting of 5/6 November 2001 also mentioned "conflict prevention" as one of the "specific areas of common interests.

[11] Radoslava Stefanova, "Early Warning in the Euro-Mediterranean Context," Paper prepared for the meeting of the EuroMeSCo group on the Charter for Peace and Stability, 1999.

In the future, the political dialogue could become "enhanced" and also mandate operational activities such as fact-finding missions or dispatch observers to upcoming elections or areas of potential conflict. An example is the UN Commission reporting on the Algerian elections of 1997. For achieving a dialogue with more operational capabilities, the Brussels Ministerial meeting of 5/6 November invited the "Senior Officials to examine ways of better structuring their political dialogue in a spirit of Partnership".

If the Euro-Med partnership wants to take the high road on conflict prevention, then it could also nominate a special Euro-Med representative (High-Level Personality-HLP) who, for example, could represent the Barcelona Partnership at international conflict prevention networks (CPR), multilateral "frontline diplomacy" or donor meetings for financing of peace or "post-peace" projects. The HLP could also coordinate the various sub-regional or local CP activities that would be carried out under Euro-Med auspices.

4. Promoting sub-regional civilian (inter-governmental) conflict management activities

The recent appearance of sub-region-specific crisis management arrangements in the Baltic (CM Baltic Sea Area Project) and the Balkan (South East Europe Security Cooperation Steering Group) indicate the trend towards regionalisation of crisis management, especially in the fields of technical and functional cooperation (civilian emergency planning, crisis management training, cooperation on "cross-cutting" issues). Also the Black Sea Economic Cooperation has engaged into initiatives of cooperation and dialogue in the fields of confidence-building and conflict prevention with activities such as combating organised crime, the illicit trafficking of drugs, weapons and radioactive materials; and all acts of terrorism and illegal migration.[12]

Another example of a regional institutionalisation of a crisis management mechanism is the creation of regional crime prevention SECI (Southeast European Cooperative Initiative). This Centre is an open-ended enterprise, based on the principle of coalition of the willing, to cooperate on specific issue-areas of common concern. This organization cooperates closely with the UN/ECE, the OSCE and of course the EU. But the open-ended character allows for membership or active involvement of extra-regional powers, such as the United States.

Other civilian initiatives for civilian conflict prevention are the cooperation in civilian emergencies and civil protection (Italian-Egyptian Initiative), a pilot project for the creation of a EURO-MED system of prevention, mitigation and management of natural and man-made disasters. The Brussels Ministerial of the 5/6 November welcomed "in particular the progress made within the partnership" with regard to this cooperative programme of disaster prevention and management, even though the cooperation is currently still in the preparatory phase and no operational capability has been achieved. The Euro-Med cooperation in this field is not sub-regional, but selective. Not all Barcelona Partners are involved in this disaster prevention project that should lead eventually to the creation of a Euro-Med system of civil protection. The envisaged training courses will be run by specific stakeholders*, such as* Turkey and Portugal (earthquakes), Egypt and Greece (flash floods) and France and Morocco (forest fires). Other activities will include the Networking of Civil Protection Schools, exchange of experts and Technical Assistance **(**oil fires, ground deformation, water table upraise, risk assessment procedures, chemical risks assessment).

[12] Fatih Tayfur, "Turkish Perceptions of the Mediterranean," EuroMeSco Papers, March 2000.

5. Sub-regional Peace-building efforts

Today's broad definition of conflict prevention includes activities for peace building such as measures for building confidence and preventing the recurrence of previous deadly conflicts. In this context, a number of actions should be identified that were designed to support specific sub-regional post-conflict cooperation on the one hand and multilateral cooperative efforts on the other.

a) Cross-border cooperation in de-mining conflict

De-mining is a very important post-conflict activity in the Mediterranean region. Alone in Egypt, there are about 23 million mines and uncleared minefields still existing along border areas between Egypt and -Libya, Greece and -Turkey, Israel and Jordan, Jordan and –Syrian, as well as in Libya and Tunisia mainly from the Second World War.[13] There are very few sub-regional or other multilateral efforts to remove mines in the Mediterranean. The problem is that the continuous spectre of deadly conflict reduces the incentive of removing the mines and certain Western countries shy away from de-mining as it could lead to questions of responsibility both morally and financially. With the progress of the Ottawa Process, however, the propensity for de-mining in the region has increased substantially. There is, for instance, quadrilateral cooperation between Israel, Jordan, Canada, and Norway in de-mining the Jordan Valley. Also in cooperation with Canada and Norway, Israel provides medical assistance to help rehabilitate people injured by mines in Jordan.

Another example is the Italian-Libyan Agreement of July 1998, which seeks to remove as much as possible the remnants of colonisation by the demining of areas mined by Italy during the Second World War. Both countries agreed upon the need to train specialised units and to create a centre for the relief of victims, financed by both countries through a Social Fund.

b) Arms Control and Regional Security Working Group (ACRS)

The Arms Control and Regional Security Working Group (ACRS) can be considered sub-regional efforts of conflict prevention in the broader Euro-Med context. Under the Madrid Multilateral Middle East Peace Process of October five multilateral groups were formed addressing refugees, the environment, water and regional economic development. Thirteen Arab states, Israel, The Palestinian Authority, and extra-regional states participated in plenary and intercessional meetings focusing on both conceptual and operational confidence building and arms control measures applicable to the Middle East.

Until mid-1993, the working group focused primarily on familiarising the regional parties with arms control and with one another. The parties were presented with explanations of the histories and provisions of arms control agreements implemented in the Middle East and in other regions, including those measures adopted by the OSCE.

The parties of this working group agreed to the establishment of regional security centers in Jordan, Qatar, and Tunisia, and a regional communications network (using the OSCE network hub in The Hague until completion of a permanent hub in Cairo). Finally, ACRS parties successfully negotiated and reached agreement on measures related to search and rescue coordination, pre-notification of certain military activities, INCSEA, and exchange of military information. The ACRS process was on hold with the cooling off of the Peace Process, as well as to the insistance of Egypt to link any further progress to the issue of weapons of mass destruction.

c) Involvement of NATO Dialogue countries into the PfP process

Although this is not a sub-regional initiative but operates on a selective-pan-regional basis, NATO offers continuous training to military officers and civilians of defence establishments to the Mediterranean NATO Dialogue Partners (Israel, Jordan, Egypt, Algeria, Tunisia, Morocco). These partners send their representatives to courses at the NATO Defense College in Rome or to the Shape NATO School in Oberammergau. Mediterranean participants can chose today from a rich menu of courses in the domain of peace support operations, crisis management, and defence

[13] Elvira Sánchez Mateos, "The Antipersonnel Landmines Issue in the Mediterranean", Euromesco Papers, April 2000.

planning and resource management. The courses are open to Generals (NATO General and Flag Officers' Course), staff officers (Senior Course) and mid-career civil servants from defence. Mediterranean Dialogue countries do participate also increasingly in Partnership for Peace activities such as meetings organised by the Politico-Military Steering Committee of the Partnership for Peace.

The objectives of NATO in these courses are to "bring scholars and officials from Mediterranean countries together with NATO participants for an exchange of views in security issues; to enhance mutual understanding, knowledge and transparency between NATO and its Dialogue partners; to produce scholarly research on Mediterranean issues; and to strengthen contacts among scholars, and between NATO and its Dialogue Partners."

6. Alignment to the EU Crisis management process

The developmentalist diplomacy of the EU in the Mediterranean will in the future be more conflict prevention-sensitive. Given the emerging primacy of EU conflict prevention activities in the region, it is important for the EU to accept Southern Mediterranean states within the ESDP track. To satisfy the requirements of equity and reciprocity it will be important to offer the Partner states access to common planning and implementation procedures of (civilian) conflict management. For this purpose, it would appear logical that the Partner states could participate in the consultation process of the EU with candidates' states (15+15), especially as ESDP actions would most likely also be carried out in the Mediterranean region. The Göteburg Summit of the European Council opened the door for the consultation and participation of "potential partners" into the (primarily civilian) crisis management process. In view of the fact that the EU has a Common Strategy towards the Mediterranean, it may soon invite the Barcelona Partners into a ESDP consultation process as it did already with Russia and the Ukraine—the other two partners towards which the EU has a Common Strategy.

Conclusions

The dilemma of conflict prevention facing the "pre-existing condition" of deadly conflicts in the region remains one of the overwhelming problems of the Barcelona Process. This dilemma relegates the Barcelona Process to supporting extra-regional initiatives of conflict prevention and resolution. This may, in itself, not be an obstacle to cooperation in the field of early warning and crisis management. The main problem is the continuous divergence of threat and risk assessments in the region. The post- September 11th era risks sharpening these cleavages by introducing a stronger civilisational connotation to the perceptions of regional and cross-cultural security.

There are, for the time being, no effective sub-regional inter-state conflict prevention mechanisms. Exceptions may be the ESDP and ACRS. The ESDP is, however, not Mediterranean-specific, even though it will have an increasing influence on the Mediterranean region with the upcoming EU extension southwards. ACRS is dysfunctional and may re-emerge only once the Middle East Peace Process is back on track. Other inter-governmental efforts in conflict prevention are not sub-regional, but run on "selective tracks of the willing", such as the Euro-Med Disaster Prevention and Management System.

The most promising sub-regional conflict prevention activities are the numerous, but sometimes not very transparent civil society projects that bring together NGOs from adversarial countries to work together on the prevention and solving of conflicts. Added to this are the inter-governmental activities in the broad domain of peace building, such as cooperative de-mining, capacity building and joint training.

This study has shown that the Mediterranean region cannot move towards a "conflict prevention culture" as long as there exists no broad consensus on the threats to national and international security and as long as no regional institutions promote actively Euro-Med interactions in the field

of conflict prevention. As long as there is no political will to embrace a common Charter for Peace and Stability, there is no room for a grand design of conflict prevention the Mediterranean. What can be done is to build on existing efforts on local and sub-regional level with a strong involvement of civil society. Strategies for conflict prevention and conflict management should be regionally designed. But, regional contextualisation of conflict prevention in an institutional vacuum is very difficult. Trying to promote regional solutions for regional problems can only work in areas where the Euro-Med framework or its stakeholders have effective instruments at their disposals and the consent of the countries at risk.

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