

QUALITATIVE ANALYSIS



Can the EU Share Values with its Partners in the Southern Neighbourhood?

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The decade since the Arab uprisings has been a difficult one for the European Union (EU) in its dealings with its southern neighbourhood, and it has struggled to strike a balance between its commitment to democracy and the protection of human rights, on the one hand, and its homeland security interests, on the other.

Back in the heady days of 2011, it was hoped that the uprisings in the southern neighbourhood would result in a new dispensation that would result in a happy marriage of the two, insofar as new democratic governments would take root and understand that stability and security on both sides of the Mediterranean would best be served by opening up their societies.

Consequently, the EU and its member states gave strong political, moral and financial support to the uprisings and invested considerable political capital in them. To take one example, Catherine Ashton, the EU High Representative at the time, made no less than 15 visits to Egypt between 2011 and 2013, as she strived, with the full support of member states, to facilitate an inclusive democratic transition.

But with the important exception of Tunisia, those transitions never happened, and as internal conflicts broke out in Libya, Syria and elsewhere, governments in the region reverted to the old social contract predicated on them providing order and stability to their citizenry in return for the latter's acceptance of illiberal or authoritarian governance.

Aggravated by conflicts, the twin dangers posed by extremism and illegal migration grew apace after 2013, the EU was forced to retreat back into its pre-2011 shell, and, while efforts to support rights and civil society continued, they took second place as the EU adopted an essentially defensive stance in its relations with the region, as reflected in the revised European Neighbourhood Policy (ENP)

Since the Arab uprisings the EU has struggled to strike a balance between its commitment to democracy and the protection of human rights and its homeland security interests.

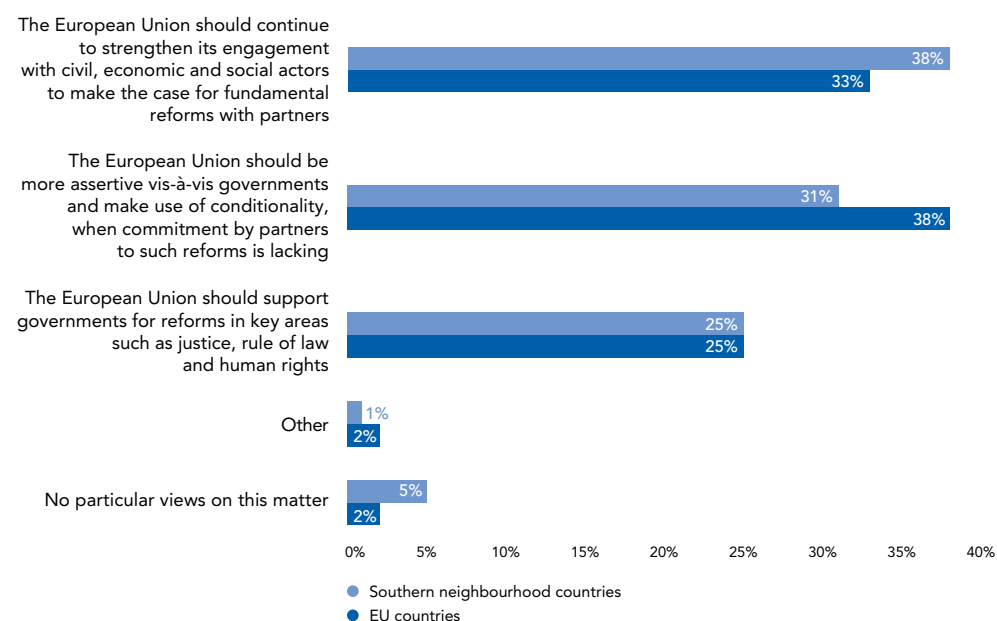
After 2013, dangers posed by extremism and illegal migration grew quickly. While EU efforts to support rights and civil society continued, they took second place as the EU adopted an essentially defensive stance.

introduced in 2015, where stability and security were the main aims to be pursued with its southern partners.

That said, democratic values, rights and freedoms continue to attract a good deal of support in southern neighbourhood countries, especially among an increasingly educated youthful population – it should always be recalled that the average age in southern neighbourhood countries is in the mid-twenties – and these factors, together with economic deprivation, were at the root of the new wave of protests that began in 2019.

Apropos, the EuroMesCo Euromed Survey brought out the continuing importance of values in the EU-southern neighbourhood relationship, with over a third of respondents calling for a more assertive engagement by the EU in making the case for human rights, though there were differences between the North and South on how best to do this. Many in the southern neighbourhood stressed that political reforms should be driven from within their societies, while a number of EU respondents felt that they needed to be imposed from the outside, with EU financial support given on conditional terms.

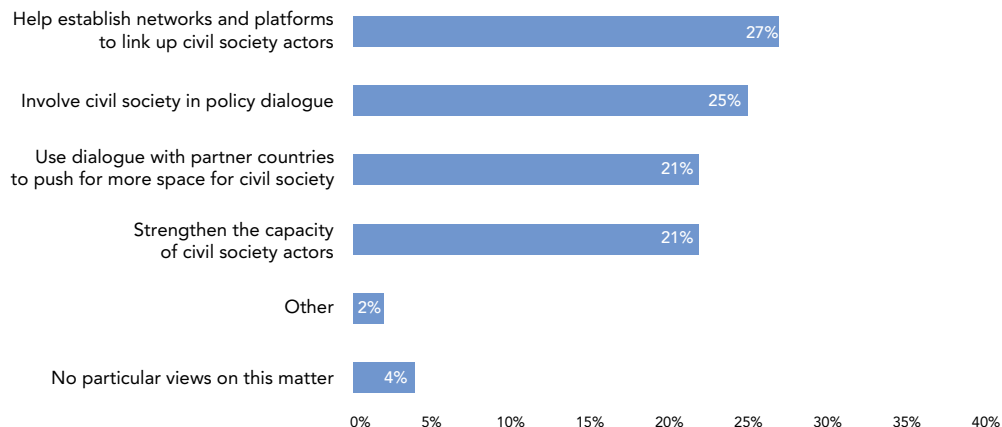
Graph 1: Q.10 When it comes to supporting reforms in the fields of good governance, democracy, the rule of law and human rights (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

The Survey respondents also thought that the EU needed to intensify its interaction with southern neighbourhood civil society, with a quarter of them feeling that the best way to achieve this would be for the EU to involve it in policy dialogue.

Graph 2: Q.9 What could the European Union do to further support civil society in Southern Mediterranean Countries in fully playing its role? (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

These views are to an extent reflected in the EU's "new agenda for the Mediterranean" which states that promotion of respect for human rights, rule of law and democratic values, is to be stepped up alongside policy dialogue with all relevant stakeholders. Among others, this includes commitments to support legislative, judicial and institutional reform, the empowerment of women and youth, labour standards, capacity-building for civil society and data protection frameworks.

On conditionality, the new agenda makes the link between the level of EU support and the degree of partners' real commitment to economic and governance reforms, stating that this "policy first" quid pro quo should be formalised upfront in the priorities to be jointly agreed with all partners.

This will be a tough nut to crack. Agreeing policy priorities in the field of rights and civil society under the existing ENP proved to be extremely difficult in some cases, and the compromises reached resulted in rather weak commitments.

The EU does retain leverage to spur reform but it is limited, and if it is to succeed it will need a high degree of solidarity with member states, something which may prove challenging given the different bilateral foreign policy priorities.

For example, Greece, Cyprus and some eastern EU members are unlikely to support a push for reform in Egypt if this creates tension, as it almost certainly will, with the government in Cairo, who they see as a key ally in the maritime disputes in the Eastern Mediterranean, or as a bulwark in cooperation against illegal migration. Some others who may be supportive in principle will also have commercial interests in mind, such as arms exports, which they will be reluctant to put at risk.

The new agenda makes the link between the level of EU support and the degree of partners' real commitment to economic and governance reforms. A difficult point as the existing ENP proved to be extremely difficult to develop in some cases.

As for other likeminded partners. The new US administration might be prepared to make some common cause, but it is yet to be seen whether it has the bandwidth – and interest – to follow through on President Biden’s pronouncements about putting values at the heart of US foreign policy in the region.

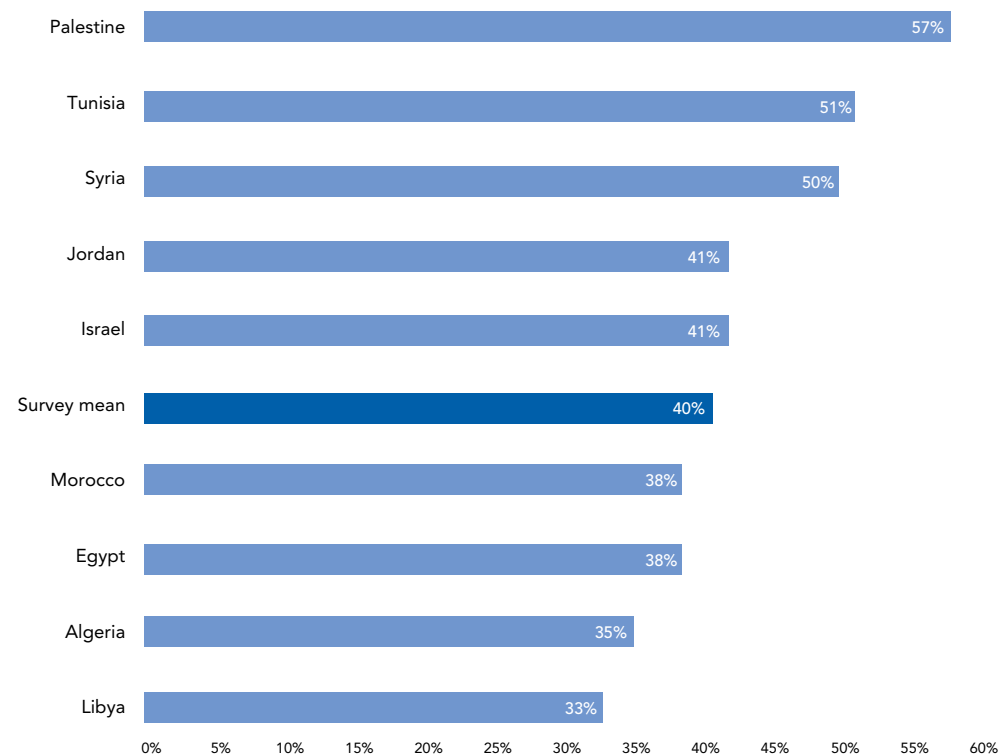
There is a widespread concern of southern neighbourhood citizens about growing corruption, insufficient governance and institutional capacity as the main factor.

One values-related issue deserves special attention: a major driver of unrest, both in 2011 and in the more recent protests in Algeria, Lebanon and elsewhere has been the widespread concern of southern neighbourhood citizens about growing corruption, and this was brought out in the EuroMesCo Euromed Survey, with no less than 40% of all respondents spotlighting “corruption, insufficient governance and institutional capacity” as the main factor limiting progress in EU cooperation.

There was also a clear overall consensus on this between EU and southern neighbourhood participants, though with some marked differences within the southern neighbourhood, ranging from 57% among Palestinian respondents to 33% in Libya.

Graph 3: Q.6 What are the major constraints limiting the success of the cooperation between the European Union and its southern neighbours?

(First top option: Corruption, insufficient governance and institutional capacity)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

An EU comment was salutary: “Corruption at all levels has eroded public trust and created a climate of discontent and disarray.” That said, it is important to add that the Survey category included three elements, albeit interrelated, and one should not rush to the judgement that corruption per se was the prime concern in every case. Nonetheless, the results indicate that it is an area where the EU would do well to ramp up its efforts to control it.

Transparency International (TI)’s latest (2020) Corruption Perceptions index, probably the best international metric available, gives some independent perspective on this. Other than Israel, southern neighbourhood countries are not doing well. To quote TI on the region’s overall performance (this includes Gulf countries):

“For the third consecutive year, the Middle East and North Africa region is still perceived as highly corrupt, with little progress made towards controlling corruption.”

In fact, many southern neighbourhood states languish deep in the bottom half of the 180 countries listed, with some, notably Lebanon and Egypt, trending markedly downwards in recent years. The emergency measures brought in to fight the pandemic made things worse last year, with already weak accountability mechanisms often suspended in the name of exigency. The two exceptions are Jordan and Tunisia.

Tunisia is one of the few southern neighbourhood countries that can point to an improved performance on corruption since 2011, even managing to move up the TI ranking last year. The reasons for this are complex but many analysts and donors give credit for this to Tunisia’s fledgling democracy and especially its highly active civil society.

Turning to the EU’s New Agenda, there is a focus on supporting the independence of the judiciary and the importance of that for fighting corruption, as well as human rights violations and organised crime. Moreover, it calls on southern partners to ensure that fraud, corruption, money laundering and misappropriation are addressed through effective sanctions as well as through cooperation with the European Anti-Fraud Office, and that in cases where they are parties to international agreements on legal assistance, partners should accept the European Prosecutor’s Office as a competent authority for the enforcement of those accords.

In addressing the issue, the EU may want to weigh the experience on fighting corruption in the Western Balkans, where there have been some successes through funding for strengthened institutions, capacity-building and training, systems and tools (public procurement databases, codes of conduct), and awareness-raising.

Given that the degree of cooperation and EU leverage there is rather different from that in the southern neighbourhood, driven as they are by the aspirations of Western Balkan nations to join the EU, one would not expect the same results, but there could be useful lessons to learn.

As for the case of Tunisia, there could be some best practice to call on when dealing with the problem in the wider region. But with its somewhat unique system of governance, it is questionable whether Tunisia can serve as a credible model elsewhere.

The EU’s New Agenda also focuses on fighting corruption. The EU may want to weigh the experience on fighting corruption in the Western Balkans, where there have been some successes.

The likelihood of greater misuse of donor funds in the post-pandemic environment is high, and robust engagement with the authorities will be needed to protect the interests of the EU and programme beneficiaries.

Overall, the Survey has underlined the importance for the EU and other international partners of stepping up efforts to stem corruption, which will almost certainly be aggravated by the new pandemic-related emergency measures. Rolling these back will not be easy, especially in more authoritarian states where institutional and judicial checks and balances are fragile and civil society is suppressed.

Among other things, the likelihood of greater misuse of donor funds in the post-pandemic environment is high, and robust engagement with the authorities will be needed if the EU's interests, and indeed those of the beneficiaries of its assistance programmes, are to be properly protected.

In all, there is reason to believe that the old social contract in the southern neighbourhood, if not yet broken, is under immense strain, and the constituency for change is young and growing. At the same time, the economic and social disruption caused by the fallout from the pandemic and the emerging global transition away from oil may well accelerate its progress in the years to come and lead to further unrest. Sustainable security and stability is thus likely to prove elusive.

Against this background, finding ways and means of supporting positive change will pose a serious challenge for the EU. Its New Agenda points a way ahead, but it will require a degree of EU unity and solidarity that has been somewhat lacking up to now, and a new political impulse will be needed if it is to succeed in its aims.

From Hot Seat to Powerhouse: Managing Climate Change in the Southern Neighbourhood

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When it comes to climate change, we have a host of paradoxes in the southern neighbourhood: on the one hand, it is by now common knowledge that the region will be the hardest hit in the world, but it is, at the same time, one of the least prepared to face this, and its publics do not perceive the problem as such. These points, taken together, are one of the reasons why the topic appeared prominently not just in the Survey but also in the Joint Communication released in February 2021.¹ To make matters more puzzling, the region receives a daily abundance of sunshine but generates only 0.4% of its energy mix from solar power.² This means two things: on the one hand, there is considerable work to do to “future-proof” the region for what will come its way but, on the other, the untapped potential to do so is equally considerable. If leveraged well, climate change – or rather, measures to avoid it – could therefore become a crucial driver for modernisation in the region.

Three areas can be identified in this order of priority: firstly, publics in the southern neighbourhood need to be urgently made aware of the problem that they are facing, while states in the region need to prepare for those effects of climate change that can no longer be avoided; secondly, it will have to prepare for the coming energy transition in order to benefit from it; and, thirdly, it will have to decrease CO₂ emissions in order to avoid even worse consequences.

Climate change in the southern neighbourhood will have the hardest hit in the world, but it is, at the same time, one of the least prepared to face this.

If leveraged well, climate change – or rather, measures to avoid it – could therefore become a crucial driver for modernisation in the region.

1. European Commission, “Southern Neighbourhood: EU proposes new Agenda for the Mediterranean”, 9 February 2021, https://ec.europa.eu/commission/presscorner/detail/en/ip_21_426

2. Aditi Banerjee et al., “Natural Disasters in the Middle East and North Africa: A Regional Overview”, World Bank Working Paper, 2014, <http://documents.worldbank.org/curated/en/211811468106752534/Natural-disasters-in-the-Middle-East-and-NorthAfrica-a-regional-overview>, p. 14. IRENA, “Pan-Arab RenewableEnergyStrategy 2030: Roadmap of Actions for Implementation,” June 2014, <https://www.irena.org/publications/2014/Jun/Pan-ArabRenewable-Energy-Strategy-2030-Roadmap-of-Actions-for-Implementation>

Facing the unavoidable

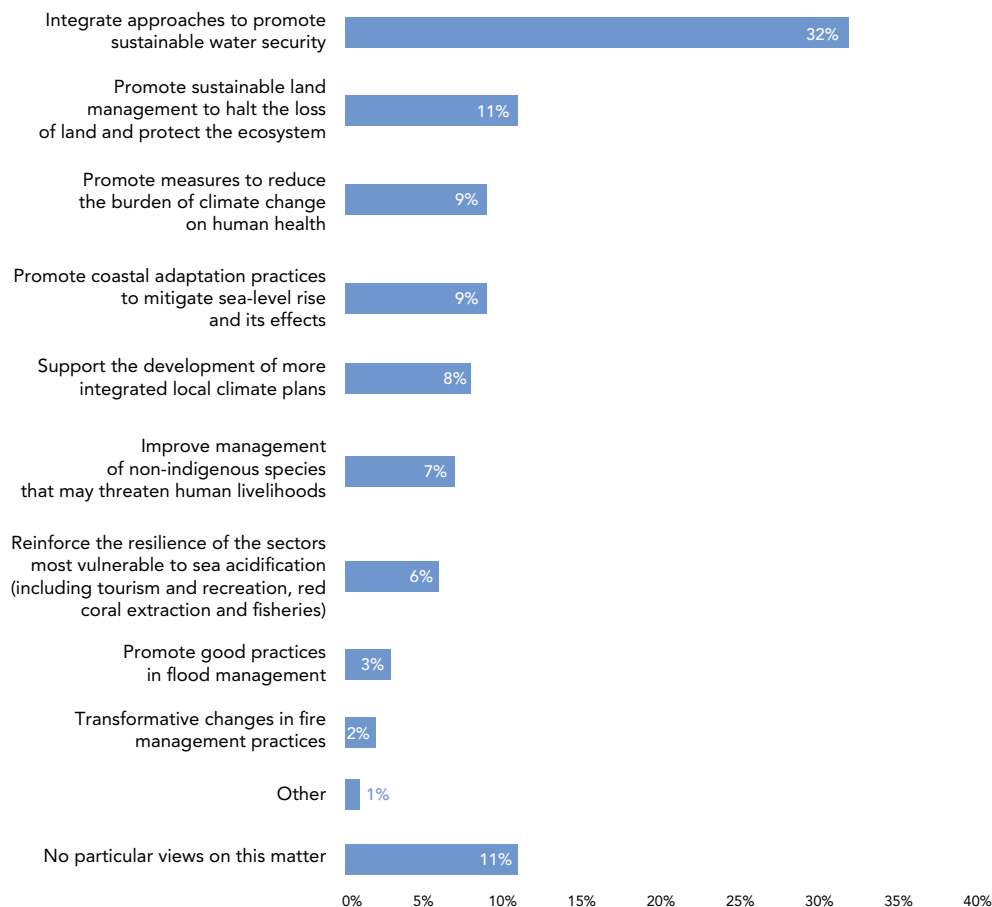
The increase in temperatures will affect water resources and almost all countries in the region will be at water crisis risk.

No matter what actions are taken between now and 2030, there are certain effects the southern neighbourhood will no longer be able to avoid. This is because measures against CO₂ emissions take several years to take effect as it takes a long time for the gas to be dissolved in the atmosphere. Even if all CO₂ emissions ceased today, we will therefore see effects in the near future. For the southern neighbourhood, this means that by 2030, the region will be 1-1.5°C degrees hotter – on average but with significant differences at the national or local level. In Lebanon, temperatures will rise by 1 degree on the coast but by 2 degrees inland.³ Matters are even worse in Tunisia, where temperatures are expected to rise between 1.5 and 2.5 degrees. This is a problem because the region not only already faces summers of 42 to 45 degrees on average but also because heat will not increase evenly. Instead, as already visible now, it will face extreme heat waves whereby temperatures will regularly climb over the level where it is still tolerable for human beings.⁴ Under these circumstances, water resources will decrease by 20% and rainfall by 10 to 20% by 2040. This means that the region will face significant water problems: with the exception of Egypt, all states in the southern neighbourhood are at water crisis risk – Lebanon even ranking second in the world, just behind Qatar. Between 60 and 100% of populations in the region are exposed to very high surface water stress. By 2030, water demand is to increase between 13% in Lebanon and 92% in Egypt. It is therefore no coincidence that respondents to the Survey singled out water security as the highest priority to be addressed (see graph 1).

3. World Resource Institute, "Aqueduct tool", <https://www.wri.org/aqueduct/>

4. R. Varela et al., "Persistent heat waves projected for Middle East and North Africa by the end of the 21st century", PLOS One, 17 November 2020, <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0242477>. UNDP Lebanon, "Goal 13: Climate action", <https://www.lb.undp.org/content/lebanon/en/home/sustainable-development-goals/goal-13-climate-action.html#:~:text=Droughts%20are%20already%20more%20frequent,of%20renewable%20water%20by%202030.&text=Lebanon%20is%20also%20vulnerable%20to,increasing%20due%20to%20climate%20change>

Graph 1: Q.19 Priority measures to face climate and environmental change in the Mediterranean (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

Although big differences exist between states in terms of preparedness, overall measures to manage extreme heat waves or water shortages are insufficient. In large part, this is because states in the region share with their populations a very low sense of urgency when it comes to climate change – a perception which stands in stark contrast to the magnitude of the problem. While states are poorly prepared for the first order effects of climate change, they are even less prepared for the knock-on effects this will have – for instance on agriculture (Tunisia’s olive production, for instance, will be cut in half under the current conditions⁵). In contrast to other world regions where industry is the main user of water, the southern neighbourhood’s agricultural sector is the one drawing most water, at 70%.

States in the region share with their populations a very low sense of urgency when it comes to climate change – a perception which stands in stark contrast to the magnitude of the problem.

5. Food and Agricultural Organization of the United Nations, “Tunisia’s olive production could halve by 2030 due to climate change”, 2015, <http://www.fao.org/family-farming/detail/en/c/350689/>. “Solutions to water challenges in the Middle East and North Africa region”, <http://www.fao.org/fao-stories/article/en/c/1150870/>

Improving infrastructure, reuse of wastewater and harvesting rainwater are measures to enhance water management as one of the first priorities in the preparation for climate change.

But solutions do exist

One of the first priorities in the preparation for climate change's unavoidable fallouts is of course water and its management. At the moment, water is over-exploited because governments have failed to implement incentives to curb water consumption and promote conservation. Pricing water as a service rather than a commodity could be an incentive to treat it more carefully. Improved infrastructure, such as through the reduction of leakage or pipe pressure are additional measures, but more important is a change in how water is treated by the agricultural sector in particular.

The problem is, however, that this is not enough: even a reduction of agricultural water use by 30% would reduce the water stress for only about 3% of the currently exposed population. This means that this measure alone is not enough. Water will have to be saved and generated elsewhere. One example is the reuse of wastewater: in the region overall, 82% of wastewater goes unused (with the exception of Jordan, which reuses 90%), so the potential is enormous.⁶ In addition, harvesting rainwater in cisterns and wells is an interesting option particularly for city dwellers. Because domestic use ranks second in the regional use of water, citizen behaviour will be an important ingredient in reducing water use.

Europe can be instrumental in facing these challenges. Since change of behaviour – be it at home, in cities or in the agricultural sector – stands at the centre of tackling the water crisis, engagement with civil society but also with the municipal level, where most of the water use increases are expected, will be crucial. The Survey supports this approach, and finds some applicability for conditionality in this regard.

Leveraging the energy transition

Climate change will bring more challenges for the region in the energy sector, in two different ways. Firstly, more energy will be needed because both populations and industrial activity will grow. By 2030, demand will have increased by 55% compared to today.⁷ In addition, more cooling will be needed to face increased temperatures. In Saudi Arabia, air conditioning currently swallows 51% of total electricity demand in the summer, giving us a frightening preview of what could become the norm in the southern neighbourhood, too.

But not just more energy will be needed as the region faces the fallout of climate change: the global energy market itself will shift towards renewable energy. For

6. World Bank, "Beyond Scarcity : Water Security in the Middle East and North Africa", 2018, <https://openknowledge.worldbank.org/handle/10986/27659>

7. BP, "BP Energy Outlook – 2019. Insights from the Evolving transition scenario – Middle East", <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/energy-outlook/bp-energy-outlook-2019-region-insight-middle-east.pdf>

oil-exporting states like Algeria and Libya, this means that they will lose an important source of their income. The fiscal crisis Algeria faced in early 2021 as a result of a low global oil price was only a preview of a situation that will become the norm as Europe shifts increasingly towards renewable energy: by 2030, Europe will have halved its imports from fossil fuels.⁸

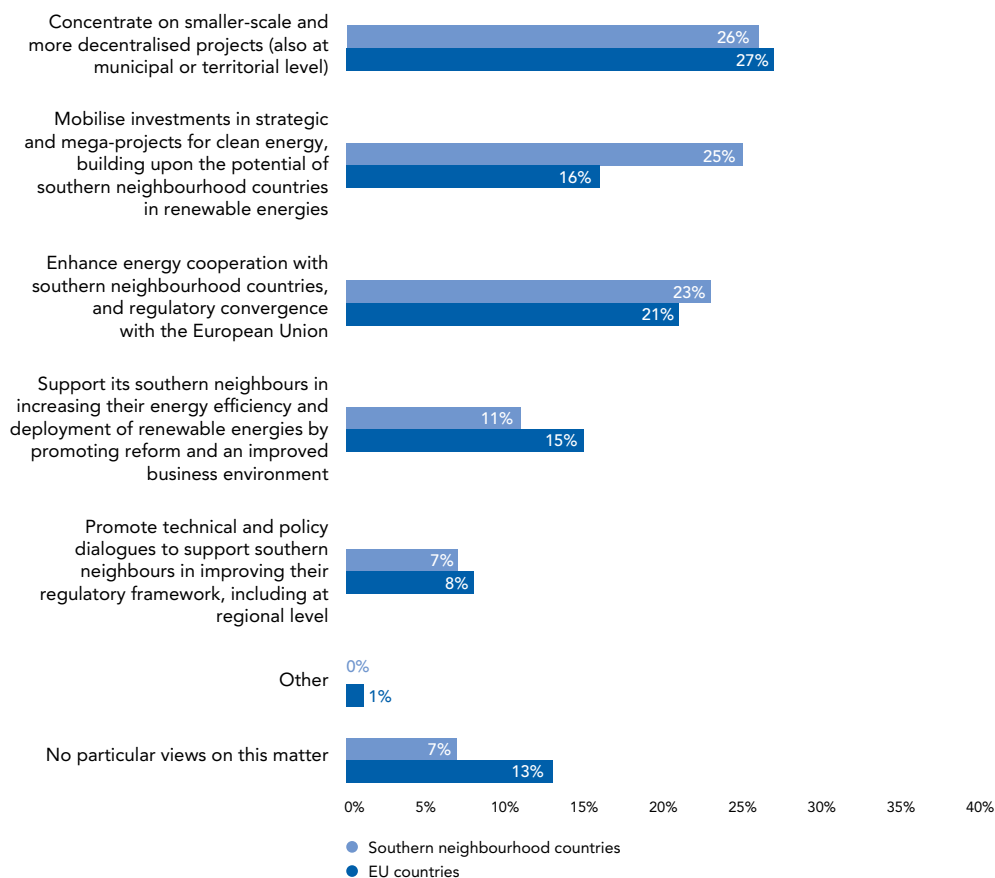
But renewable energy may very well be the answer to both problems. As mentioned above, it currently plays no significant role in the regional energy mix with 4% (of which a negligible amount stems from solar power) – but more than 95% of the potential remains untapped. Its geographical location might come with the challenge of heat, as it is flanked by an abundance of sunshine and wind. This means that transiting to renewable energy is not just feasible for the region but is indeed an interesting opportunity.⁹ This could be an explanation as to why in the Survey southern neighbourhood respondents are more prone than European Union (EU) participants to consider the mobilisation of investments in strategic and mega-projects on renewable energy as their top priority (respectively, 25% and 16%). Not only could the region meet its own energy needs but it could even export surplus energy once a solution to the transport question is found. In addition, renewable energy would allow for a decentralisation of energy generation, meaning that individual and remote households will be able to either contribute to generation or be self-sufficient. This is currently already trialled in conflict zones such as Libya, where hospitals are powering themselves with solar panels. Of course, an end to oil exporting could have other political consequences as it would lead to a diversification of national budgets and with it, perhaps, to a diversification of the political landscape.

Renewable energy may be the answer to face the increase energy demand. Transiting to renewable energy is not just feasible for the region but is indeed an interesting opportunity.

8. IRENA, "A New World: The Geopolitics of the Energy Transformation", January 2019, <https://www.irena.org/publications/2019/Jan/A-New-World-The-Geopolitics-of-the-Energy-Transformation#:~:text=Chaired%20by%20former%20President%20%C3%93lafur,%2C%20trade%2C%20environment%20and%20development>

9. Arman Aghahosseini, "Towards sustainable development in the MENA region: Analysing the feasibility of a 100% renewable electricity system in 2030", Energy Strategy Reviews, Volume 28, March 2020, <https://www.sciencedirect.com/science/article/pii/S2211467X20300201#:~:text=Electricity%20demand%20is%20assumed%20to,to%20the%20year%202030%2C%20respectively>

Graph 2: Q.18 What should the European Union do to accompany the energy transition of the southern neighbourhood countries? (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

The southern neighbourhood is still far from ready for the coming transition. Europe's technical know-how and investment could play an important role in pushing the transition forward.

Although acceptance of renewable energy is beginning to grow in the southern neighbourhood, it is still far from ready for the coming transition. At the moment, only three countries in the region – Algeria, Tunisia and Morocco – have set targets for the sourcing of solar energy, and overall only Morocco and to a lesser extent Jordan have truly embraced renewable energy.

As the Survey respondents say, this is where Europe's technical know-how and investment could play an important role in pushing the transition forward. As in the case of water management, conditionality is not likely to yield the best results: here, lack of funds and technical knowledge will not be generated through it.

Decreasing CO₂

Lastly, the Middle East and North Africa has made too few efforts to decrease CO₂ emissions but instead they have grown to the point of now nearing Europe's levels. Although the biggest polluter, Saudi Arabia, is not part of the southern neighbourhood, Egypt, the second biggest, is. Egypt is the 25th biggest polluter worldwide and the biggest in Africa. As we have seen above, a projected rise in energy demand means that this is likely to continue if no measures are taken. Around 85% of the greenhouse gas emissions come from energy production, electricity generation, the industrial sector and domestic energy consumption.

There are several ways in which these emissions can be reduced. Firstly, energy efficiency can be significantly increased. Unfortunately, one hurdle on the way is the reduction – or even cancelling – of electricity and fuel subsidies. At the moment, most states in the region not only spend significant portions of their gross domestic product (GDP) on subsidies but they thereby also encourage wasteful consumption. The extremely high energy intensity and electricity consumption per capita is the result of this: Egypt ranks before Sweden or Poland, Jordan, Lebanon and Tunisia before Slovenia or Lithuania. These subsidies also prohibit private investment in alternative technologies – such as solar panels on a roof – as there is no need to find cheaper sources of energy. In part, this is because national energy efficiency strategies hinge on stable sources of financing and legislation, which many states in the region lack.

In addition, the region's transport sector is not only responsible for a third of the CO₂ emissions, but presents a lot of room for improvement. Although most states in the region have strategies in place to improve public transport, these do not include energy reduction targets or reforms for the transportation sector. For instance, there are no tax reductions on hybrid cars, no enforcements of vehicle emissions regulations, and no promotion of public transport. Most of the latter are buses, which could be switched to battery-operated, or alternatively compressed natural gas and parallel-hybrid electric. A more sustainable and long-term solution to not just CO₂ emissions but congestion and pollution would of course be a train system like the tramway in Rabat or the subway in Cairo. A recent proposal for a coastal metro system in Lebanon would not "just" reduce CO₂ emissions but also create jobs in the process of construction, and stimulate the economy by freeing up circulation. Indeed, creating green and sustainable jobs is identified as an important priority in the Joint Communication on the renewed partnership with the southern neighbourhood and it would be one of the main challenges for Euro-Mediterranean cooperation in the years to come.

In all of these areas, Europe not only has expertise but also the capacity to engage in order to accelerate reform efforts.

Taken together, all three priorities are areas in which the EU has garnered significant experiences over the last decade, and is therefore well-placed to assist. Perhaps crucially, all these areas present not just challenges but also opportunities. A move to a cleaner, more affordable, energy source, improved use of water and electricity, and a cleaner environment would not just protect from climate change but indeed ready the region for a better future.

Increasing energy efficiency and improving the transport sector are key to reduce CO₂ emissions. Therefore creating green and sustainable jobs is one of the main challenges for Euro-Mediterranean cooperation in the years to come.



Digital Transformation in the Southern Neighbourhood

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The ongoing COVID-19 pandemic, what with the lockdowns and travel bans, has manifested in no uncertain terms the significance of digitalisation processes. While the digital transformation of economies has been recognised as one of the cornerstones of sustainable development for some time now, it was only last year when its importance for day-to-day functioning of societies became quite so obvious. In the southern neighbourhood region, in many ways this has been a painful lesson to learn.

Despite progress made over the past decade, digitalisation levels, as measured by the Network Readiness Index (NRI; Dutta & Lanvin [Eds.], 2020), have remained unsatisfactory in all countries in the European Union (EU)'s southern neighbourhood, with a notable exception of Israel, which – as an outlier – will not be covered in the present article. Ranked between 69th (Jordan) and 107th (Algeria) out of 134 countries surveyed, the states in the region are all positioned in the lower bottom of the NRI. Their performance is not homogenous, however. For instance, while throughout the southern neighbourhood relatively best results can be observed in the “People” pillar, in Algeria, Egypt, Morocco and Tunisia it is predominantly due to relatively good performance in the “Government” sub-pillar, but in Jordan the highest rank was achieved in “Businesses” and in Lebanon in “Individuals”.

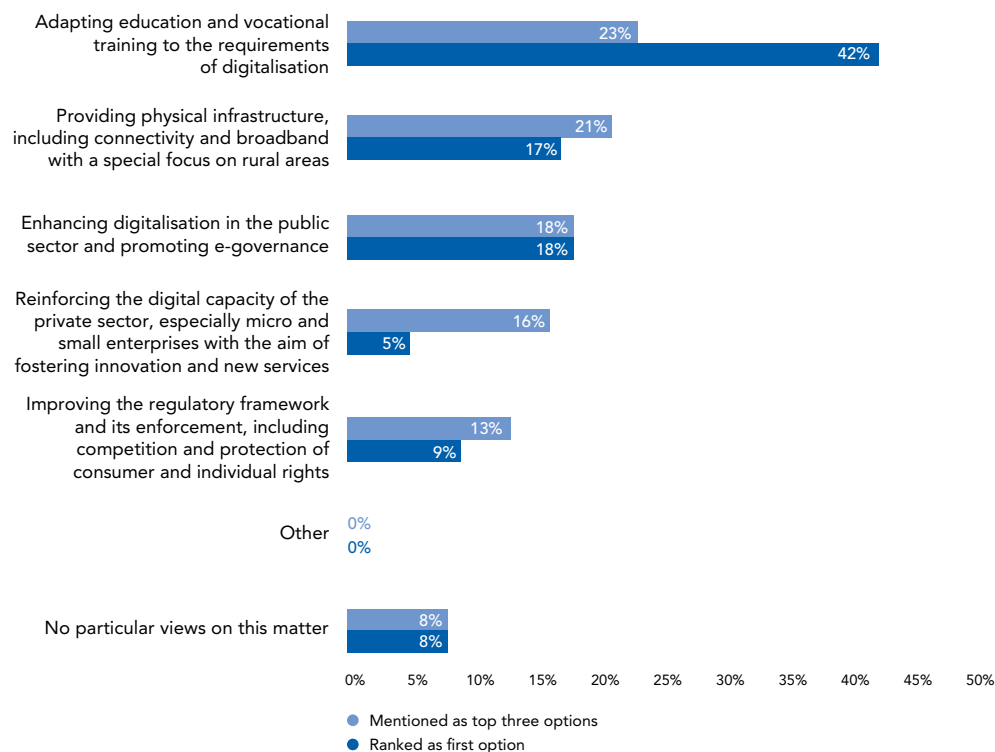
Despite progress made over the past decade, digitalisation has remained unsatisfactory in all countries of the European Union's southern neighbourhood.

Obstacles to Digitalisation Processes

As noted by the respondents to the EuroMeSCo Euromed Survey, in order to improve this situation and accelerate the digitalisation agenda in the region, it is crucial to strengthen the southern neighbourhood countries' performance in a number of fields, including education (a top priority for the plurality of respondents), e-governance, infrastructure, regulatory framework, and private sector preparedness levels.

Adapting education to digitalisation requirements is seen as a priority to accelerate digitalisation.

Graph 1: Q.16 Most effective ways to support a digitalisation agenda in the southern neighbourhood countries (all respondents)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

Digital Divide

There are noticeable disparities in usage rates of internet along socioeconomic, demographic and geographical lines.

On an individual level, in 2019 the share of population using internet across the region ranged from 57% in Egypt and 60% in Algeria, through 67% in Jordan and Tunisia, up to 71% in West Bank and Gaza, 74% in Morocco, and 78% in Lebanon – compared to 82% in the EU (2018) and 47% in middle income countries on average (World Bank, 2020). At the same time, there are noticeable disparities in usage rates along socioeconomic, demographic and geographical lines.

For instance, while on average 58.5% of men in the Arab states use internet (in line with the global average of 58%), the same is true for just 44.2% of women (below the global average of 48%; ITU, 2020). In a worrying trend, the gender internet penetration gap widened between 2013 and 2019 by 5.2 percentage points (by way of comparison, in Europe it decreased by 4.1 percentage points over the same period). Even more noticeable is the digital divide between youth and older adults. The internet usage gap between those aged 18-29 and 60+ stood at 47% in Lebanon, 62% in Palestine, and a whopping 81% in Egypt (Raz, 2020). Less severe but nevertheless pronounced divergences also exist along educational and urban/rural

lines; for instance, the gap between urban and rural internet usage varies from as little as 3% in Lebanon up to 21% in Morocco (Sidlo et al., 2020; Raz, 2020).

Infrastructure

The above discussed differences result from a number of factors, lack of adequate infrastructure being one of the more significant ones. While 91% of the population in Arab countries is covered by some kind of a mobile network (predominantly LTE or higher; ITU, 2020), the fixed broadband coverage remains more limited, and so overall the internet connection in the southern neighbourhood remains relatively expensive and slow.

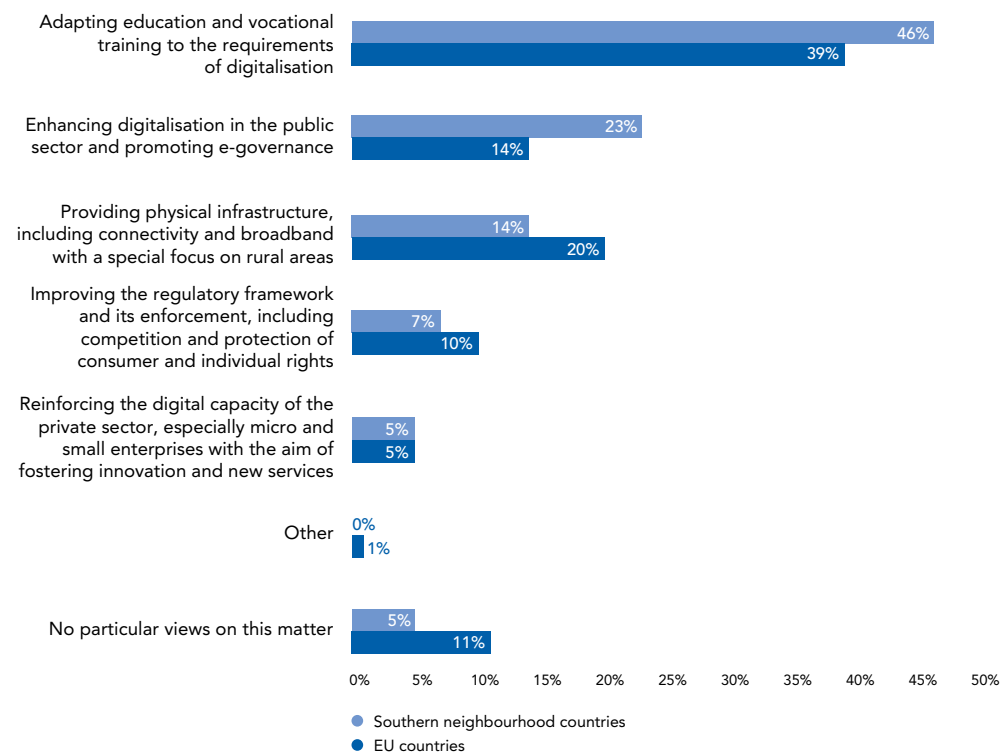
Digital Literacy

An at least equally if not more critical barrier to embracing new technologies among populations of the southern neighbourhood countries is lack of digital skills. Indeed, the respondents to the EuroMeSCo Euromed Survey (especially those hailing from the southern neighbourhood) unilaterally emphasised adapting education and vocational training to the requirements of digitalisation as the most effective way to support the digitalisation agenda in the southern neighbourhood.

Pronounced divergences also exist along educational and urban/rural lines.

Adapting education and vocational training to overcome lack of digital skills is seen as the most effective way to support the digitalisation agenda.

Graph 2: Q.16 Most effective ways to support a digitalisation agenda in the southern neighbourhood countries (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

The data available supports their observations. According to the International Telecommunication Union, basic digital skills, such as writing and receiving e-mails, are held by fewer than one in four persons in Algeria and Tunisia, and 50-75% in Morocco, Egypt and Lebanon (no data available for Jordan; ITU, 2020). Between 15-35% of the population in Algeria, Lebanon and Tunisia, and 35-55% in Morocco and Egypt are in possession of standard skills, e.g. using basic formulas in spreadsheet, while just 5-10% of society in Morocco, Algeria, Egypt and Lebanon, and 10-15% in Tunisia, have advanced ICT skills. Once again, the situation across the region is far from homogenous, however. The aforementioned NRI places countries in the southern neighbourhood between 23rd (Lebanon) and 88th (Morocco) out of 141 countries surveyed in terms of level of digital skills among active population. This poor performance is one of the reasons why, outside of Jordan and Lebanon, employees have serious difficulties finding employees with adequate skill sets (Schwab [Ed.], 2019).

Regulatory Framework

While not seen as the top concern, the need to improve the regulatory framework and its enforcement, including competition and protection of consumer and individual rights, was demarcated as one of the top three priorities by 13% of all respondents (see graph 1). The NRI ranking confirms that the ICT regulatory environment in the southern neighbourhood is still underdeveloped and governments in the region are not fast enough in adapting legislation for emerging technologies. Jordan, which scored highest on this measure among all the countries in the region, ranked 46th (out of 127 countries ranked), while the worst performer was Morocco – 90th. Indeed, although all countries in the southern neighbourhood already have in place some kind of regulations allowing for use of e-documents and (save for Jordan) have some kind of online consumer protection laws in place, an adequate legislative framework for data protection and cyber security is yet to be developed in the region (Jaller & Molinuevo, 2020).

Improvement of the regulatory framework, promotion of e-government and adoption of digital applications for key business management functions are the main obstacles to be faced.

E-governance

There is also a serious need for governments, as noted by one in five respondents to the EuroMeSCo Euromed Survey, to enhance digitalisation in the public sector and promote e-governance (see graph 1). The quality of e-government platforms, for instance, more often than not leaves much to be desired. Indeed, under one of the NRI measures assessing the quality of a government's delivery of online services (on a 0-1 scale where 1 indicates best performance) the best performer among the southern neighbourhood countries scored 0.62 (ranking 81st out of 133) and the worst, Algeria, 0.28 (ranking 127th).

Private Sector Preparedness Levels

The private sector in the region, especially micro, small and medium enterprises (SMEs), has also been finding it hard to keep up with the global digitalisation trends. Before the outbreak of the pandemic, relatively few SMEs in the southern neighbourhood possessed a website or a Facebook page, or offered digital payments. The level of adoption of digital applications for key business management functions in the southern neighbourhood was also lower on average than in other middle-income countries on average (for more details on obstacles to digitalisation of SMEs in the region, see Sidlo et al., 2020). That said, progress has been made, at least in the realm of appreciation of the importance of digitalisation. Indeed, since 2017 (when this indicator began) one of the largest improvements in terms of the perception of entrepreneurs on digital skills globally has been made in Egypt (Schwab & Zahidi, 2020).

Impact of the COVID-19 Pandemic

Indicators such as e-payments, online shopping and video streaming show that the pandemic has accelerated the speed of digitalisation in the region.

As has already been mentioned, the way in which the ongoing COVID-19 pandemic prevented normal functioning of societies and economies underlined how important the use of modern technologies is, and – as anecdotal data already shows – accelerated the speed of digitalisation processes around the world. One discernible example illustrating the pace of change is the increase in the use of e-payments across the region. In Jordan, the number of e-wallets opened within the Jordan Mobile Payment (JoMoPay) system increased between January 2020 – just before the outbreak of the pandemic in the region – and January 2021 more than twofold, from JOD 642,356 (around €745 thousand) up to JOD 1.32 million (around €1.54 million; JoPACC, 2020; JoPACC, 2021). Over the same period, the number of transactions conducted in the country with the use of e-wallets went up from JOD 374,400 to 1.39 million and their value from JOD 27.5 million up to JOD 114 million (around €32 million and €133 million, respectively). When the first national lockdown was imposed in the country in March 2020, that very month Jordanians made more e-payments than during the preceding three years combined. Increasing use of e-wallets was also noted in Palestine and Egypt as well; in the latter, the number of e-payments went up by 15-20% just between March and August 2020 (Moslem, 2020).

Another confirmation of the trend can be found in the results of the latest wave of the Arab Youth Survey (2021), which show that during the pandemic young people in the Arab world not only use the internet ever more often to entertain themselves, e.g. by streaming videos (increased by 67%), but also more frequently shopping online (50%) and making contactless payments (49%).

Going Forward: Main Opportunities and Threats

The digitalisation agenda in the southern neighbourhood (and beyond) should be undertaken with caution: enforcing adequate data privacy, and providing physical infrastructure, with a due focus on rural areas (as well as smaller cities).

The pandemic-induced acceleration of digitalisation processes in the southern neighbourhood region is on many accounts a positive development and a step towards more sustainable economies and inclusive societies. However, there are also a number of pitfalls to avoid. For instance, a shift to telework could on the one hand open up opportunities for women in the southern neighbourhood, who as of 2019 made up only one fifth of the region's labour force but, on the other, keep women within households and slow down their integration into the male-dominated world of paid work even after the pandemic ends and working from home is no longer a necessity. Similarly, the digital divide – not just between women and men but also poorer/more affluent, urban/rural and more/less educated segments of population – may broaden even further if properly designed policies are not put in place.

Another threat is that of digital authoritarianism, as pointed out by some of the respondents to the EuroMeSCo Euromed Survey and half of the experts polled by the PEW Research Center, who feared that the accelerated pace with which new technologies are used will “weaken democracy between now and 2030 due to the speed and scope of reality distortion, the decline of journalism and the impact of surveillance capitalism” (Anderson & Rainie, 2020).

Supporting the digitalisation agenda in the southern neighbourhood (and beyond) should therefore be undertaken with caution. Enhancement of digitalisation in the public sector and promotion of e-governance – yes, but as long as adequate data privacy and protection legislation is enforced. Providing physical infrastructure, including connectivity and broadband – absolutely, but as pointed out in the Survey itself, with a due focus on rural areas (as well as smaller cities). Adapting education and vocational training to the requirements of digitalisation – by all means, as long as it does not entail exclusion of students who will not be able to participate because of limited access to broadband and/or computers. To paraphrase a popular pandemic-time saying, “the cure cannot be worse than the problem”.

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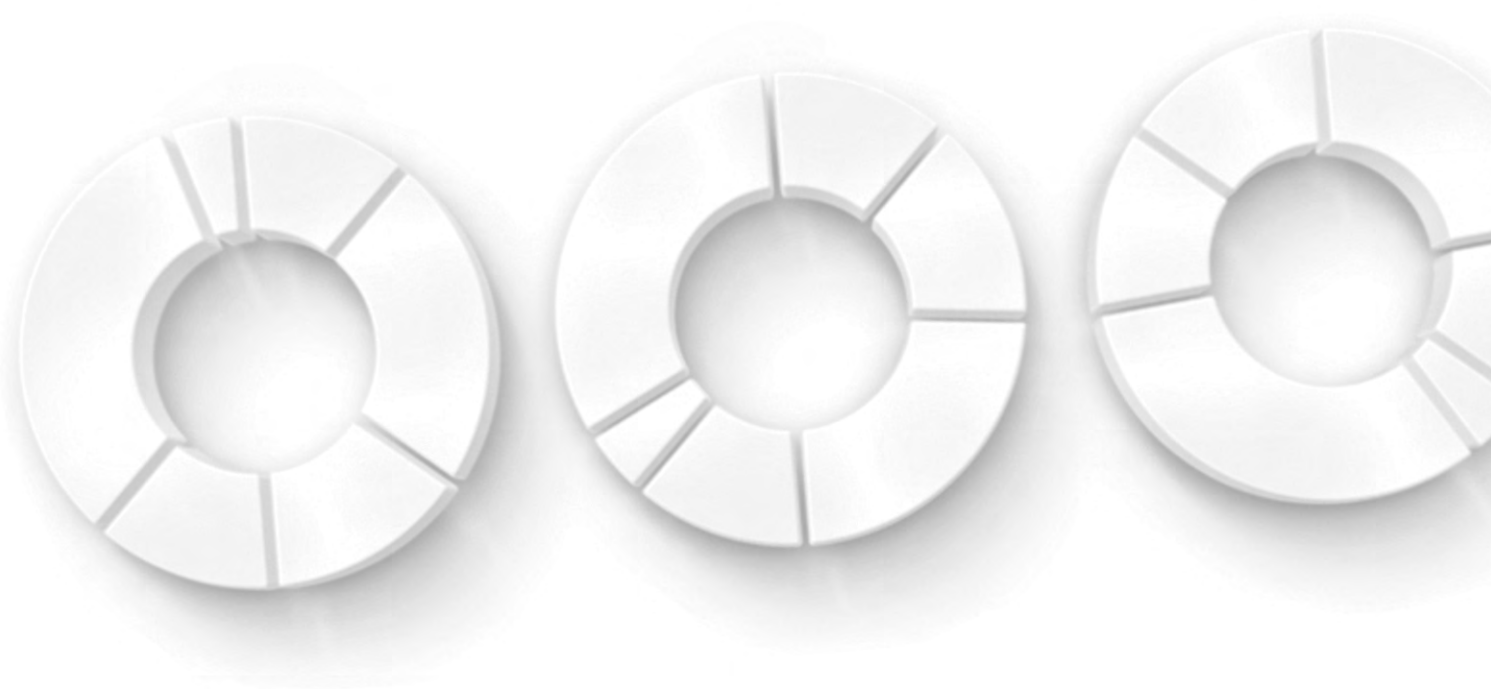
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The New EU Agenda for the Southern Mediterranean: Prospects for Morocco¹

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Over 25 years after the launch of the Euro-Mediterranean Partnership (EMP) in the 1995 Barcelona Conference, the Mediterranean geographical area continues to be subject to the reflection and conceptualisation of the European Union (EU) with the aim of firmly establishing this strategic neighbourhood relationship and addressing the progress of the inherent challenges.

Since then several initiatives have marked the Euro-Mediterranean framework as stages on the path that claimed to be the result of a joint reflection, i.e. a dialogue between the two shores of the Mediterranean on the future of relations between the EU and its southern neighbourhood.

Thus, in the case of Morocco, the Association Agreement signed with the EU in 2000 preceded by several years the launch of the European Neighbourhood Policy (ENP) in 2004 and the implementation of an Advanced Status of Morocco in the Mediterranean space in 2008. Indeed, this evolving process reflects the EU's concern to define a framework adapted to manage its relations with the southern neighbourhood – following the consecutive enlargements of the EU – but also and mainly to reposition itself politically and strategically on the southern side. Actively engaged in the different Euro-Mediterranean fora (Mediterranean Forum, Forum 5+5), Morocco in its turn has always sought a differentiated treatment in its relations with the EU. The consolidation of the *acquis* and the opening of prospects toward co-responsibility and co-decision are among the main components of the Moroccan approach in order to advance the Euro-Mediterranean integration process.

After 25 years the Mediterranean geographical area continues to be subject to reflection with the aim of firmly establishing this strategic neighbourhood relationship and addressing the progress of the new challenges.

1. The interviews used in this articles were conducted by Youssef El Jai, Research Assistant in Economics, PNCS.

Actively engaged in the different Euro-Mediterranean fora, Morocco in its turn has always sought a differentiated treatment in its relations with the EU.

The geopolitical changes in the region led the EU to reassess in 2011 and 2015 the contents and the mode of management of the ENP in order to address the challenges posed by a changing neighbourhood. Nevertheless this concern with adaptation and renewal went hand in hand with a questioning of the southern countries over their weak involvement in the conceptualisation and monitoring of the EMP and the limited effectiveness of their inclusion to ensure a space of common values and shared prosperity. We could henceforth ponder the effectiveness of the partnership approach of the ENP, notably after the successive reassessments in 2011 and 2015, and evaluate in a second step the scope of the new European offer presented in February 2021 as a “renewal”. Finally, and in the framework of this new European agenda for the southern neighbourhood, could we consider the opportunity of defining the spheres of innovative and promising cooperation that can achieve a convergence of approach and strengthen the effort to “renew” Morocco-EU relations?

Contextualisation of Morocco-EU Relations in the Framework of the ENP

Morocco has long-standing and privileged relations with the EU, marked since the implementation of the ENP and its different revisions.

Morocco has long-standing and privileged relations with the EU, marked since the implementation of the ENP and its different revisions by a dynamic evolution and the joint desire to build an exemplary partnership in the Euro-Mediterranean region.

The adoption in 2008 of the Advanced Status and the signing in March 2015 of its Action Plan for its implementation have defined the shared ambition of consolidating the multi-dimensional nature of the partnership. Structured around four axes (equitable access to social services, democratic governance and the rule of law, employment and inclusive growth, and strengthening the capabilities of civil society), the priorities of the Morocco-EU partnership have profited from a financial support that should amount to €1.4 billion between 2014 and 2020 in the framework of the new financial European Neighbourhood Instrument (ENI), which stemmed from the guidelines included in the Communication of 25 May 2011, advocating a “more funds for more reform” approach.

Following the judgement issued in 2015 by the Court of the EU on the Association Agreement between the EU and Morocco, the political dialogue with the EU would be suspended until 2019.

Signed in November in 2014, the Single Support Framework reflects the EU’s recognition of the singularity of its partnership with Morocco (support for the reforms started in 2011) and emphasises the appropriateness of the cooperation chosen by the EU with Morocco’s strategic priorities. These guidelines also match the objectives of the Framework Agreement on the “Advanced Status and its Action Plan”. Morocco has also benefitted from additional budgetary allocations in the framework of the Multi-Country Programme, allocated according to the progress made in consolidating democracy (European Instrument for Democracy and Human Rights, Development Cooperation Instrument...).

However, and following the judgement issued in December 2015 by the Court of Justice of the European Union for the annulment of the Council decision of 8 March

2012 concerning the conclusion of a deal amending the Association Agreement between the EU and Morocco, the latter suspended the political dialogue with the EU until January 2019. The partnership dynamic affected by this hiatus could not experience a qualitative development despite the continuation of sectoral cooperation. Due to lack of formal political consultations, the partnership did not therefore define any new priority, while the Single Support Framework had expired and a new revision of the ENP had been published in November 2015. Acknowledging the boundaries of the preceding 2011 strategy, based on the principle of “more funds for more reforms”, the 2015 revision advocated a new approach characterised by more flexibility (differentiation) and the intensification of local ownership. With respect to Morocco, the Single Support Framework was extended by the Commission until 2018 and the Advanced Status prolonged until 2020.

The partnership dynamic affected by this hiatus could not experience a qualitative development despite the continuation of sectoral cooperation.

Thanks to the Morocco-EU Association Council, in June 2019, new prospects beyond the Advanced Status were explored in order to achieve a “Euro-Moroccan partnership for shared prosperity”. Following a flexible approach adapted to the two parties, the Declaration issued by the Council also sought to be a preliminary stage to the definition of the strategic axes of Morocco-EU cooperation, which should be operative from 2020. Morocco and the EU are therefore committed to pursuing the joint reflection in order to reshape their contractual bond. Also and despite the period of inaction from 2015 to 2019, the principles stressed in the re-assessment of the ENP, i.e. differentiation and common ownership of the contractual framework, are at the core of the re-launch of the Morocco-EU partnership.

Towards a Renewed Partnership of the EU with the Southern Neighbourhood? Prospects for Morocco

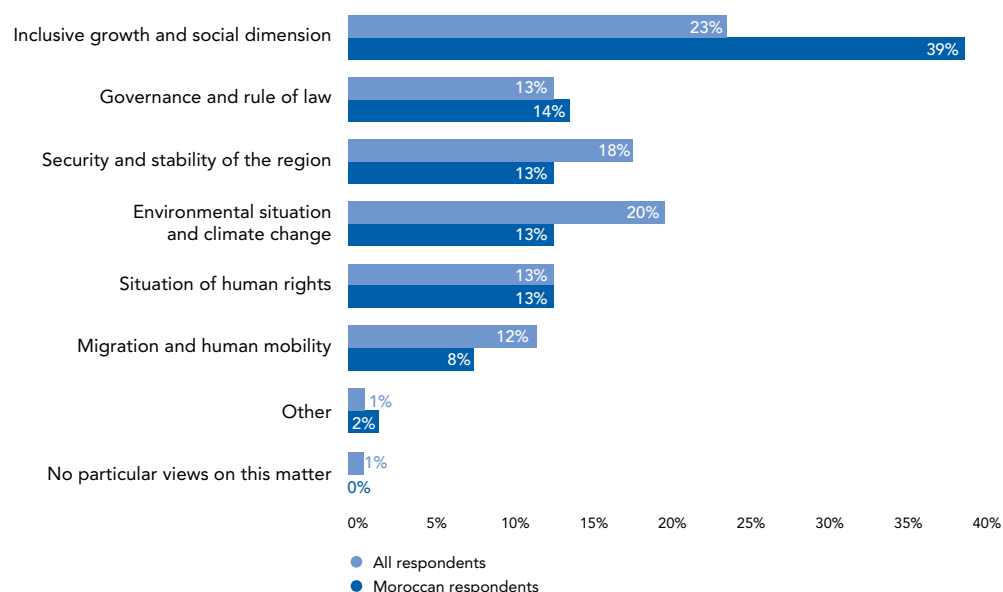
Based on the vision of the Green Deal, the European Commission introduced in the Joint Communication of 9 February 2021 a new southern neighbourhood proposal structured around five key fields: human development, good governance and the rule of law; resilience, prosperity and digital transition; peace and security; migration and mobility; and green transition. The new agenda aims at a green, digital, resilient and fair recovery, guided by the sustainable development programme by 2030, the Paris Agreement and the European Green Deal. By placing the climate and environmental challenges at the core of its action, the new ENP puts forward a new philosophy in the revision of the Partnership: the acquis achieved in the previous phases will henceforth result in a substantial evolution and tangible prospects. It provides for specific proposals in each neighbourhood country that can be transformed into a new roadmap of bilateral relations.

By placing the climate and environmental challenges at the core of its action, the new ENP puts forward a new philosophy in the revision of the Partnership.

The public survey conducted by the IEMed with a sample of the Moroccan population highlights that they see inclusive growth and climate change as challenges and opportunities common to the two partners.

While the findings of the Survey show that economic inclusion and climate change are the main common challenges in the region, the responses of the Moroccan experts attach greater importance to economic inclusion as a challenge (graph 1) and an opportunity (graph 2).

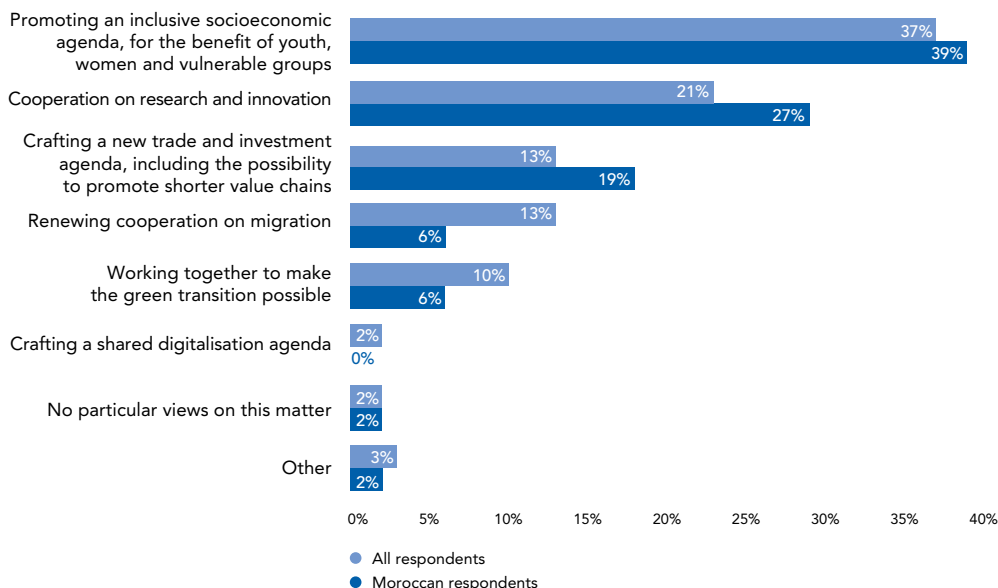
Graph 1: Q.1 For which of the following challenges are greater efforts needed?
(Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

In terms of opportunities for both the EU and the neighbouring countries, the promotion of a socially-inclusive agenda is considered the main priority. It is worth noting that the responses from Moroccan experts also underline the importance of cooperation in terms of research and innovation.

Graph 2: Q.2 What are the main opportunities that the European Union and its southern partners should jointly seize? (Ranked as first option)



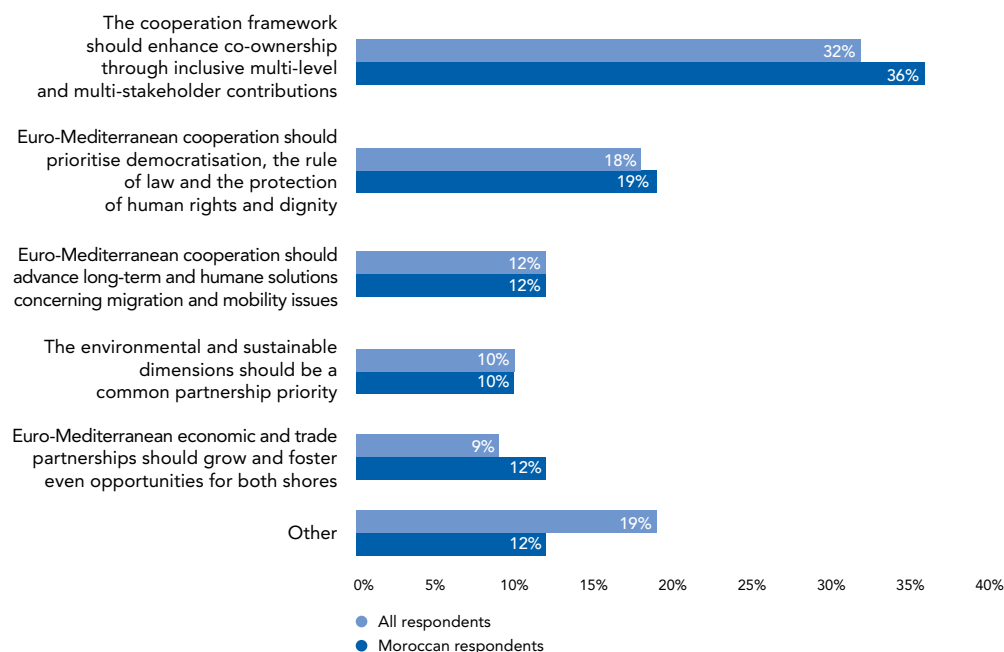
Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

From the official point of view, Morocco has welcomed the Communication of 9 February 2021 as well as its flagship projects, which also meet the priorities of its development policy and the four axes defined in the Morocco-EU "Joint Political Declaration" adopted in June 2019. However, the intentions expressed by Morocco through the declarations and exchanges with the different European leaders prioritise the need to avoid the ENP being solely conceived through the financial prism and for it to aspire to rebuild a balanced and effective partnership with greater involvement of the neighbourhood countries in the decisions.

Coinciding with this element, the Survey shows how the revision of the cooperation framework and the improvement of its governance are seen as the goals to be achieved by 2030.

Morocco seeks to avoid the ENP being solely conceived through the financial prism and for it to aspire to rebuild a balanced and effective partnership with greater involvement of the neighbourhood.

Graph 3: Q.8 What should change by 2030 in order for you to assess that the Euro-Mediterranean cooperation has delivered? (Categories developed from the open-ended answers)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

Morocco wishes its Advanced Status with the EU to also be expressed in the support for joint actions on issues such as the environment, security, migration and regional integration.

For this reason, Morocco wishes its Advanced Status with the EU to not only be expressed in the support for economic and social development programmes but also to ensure a permanent dialogue and joint actions on issues such as the environment, security, migration and regional integration. In this regard in the region, Morocco has most agreements, links and common ground with the European policies and priorities. Thus, the challenge of this new phase of Euro-Moroccan relations is to jointly identify and decide on the support of the EU to back the transition of the Moroccan economy and its orientation towards more sustainable and inclusive modes of production.

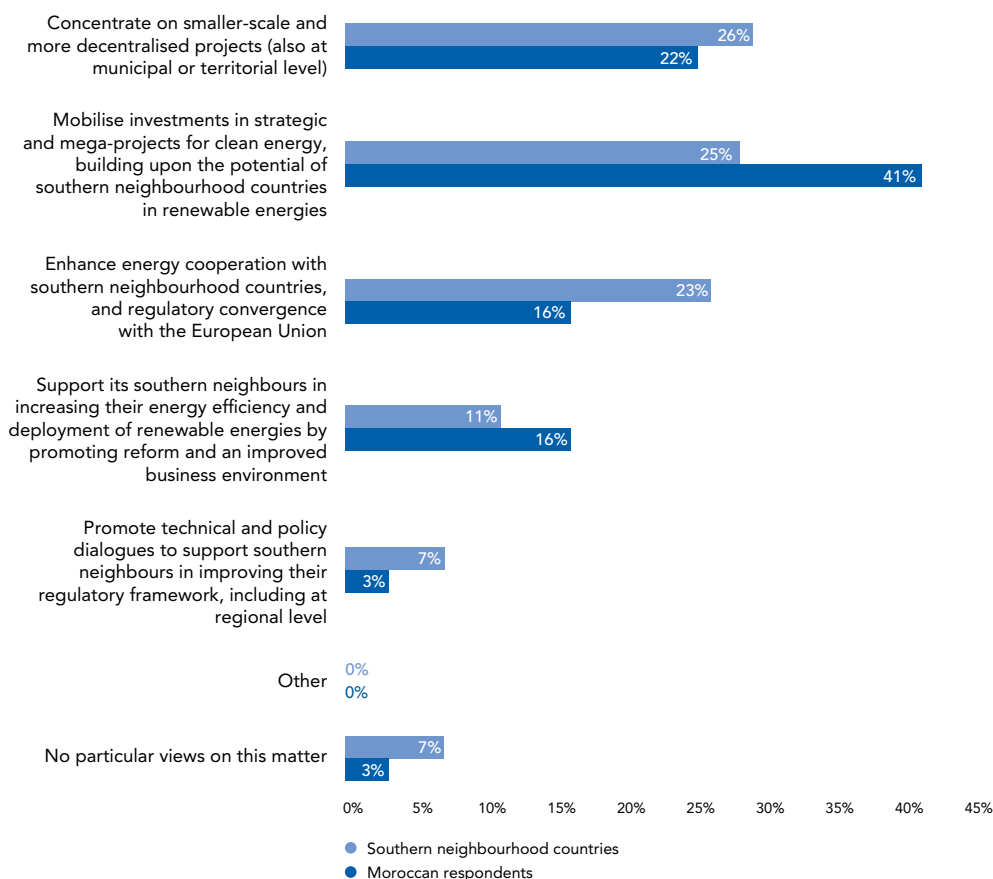
Already engaged in the transformation of its production processes to address the impact of climate change, Morocco could benefit through the new ENP from opportunities to catalyse the green, digital and smart transformation of its economy. In the framework of the transition in Europe towards a more sustainable agriculture, the Green Deal therefore offers promising prospects for the Moroccan agricultural sector. Morocco, after having extensively invested in its Plan Maroc Vert, is preparing the implementation of its new "Stratégie Génération Verte 2020-2030", which would open access to the European market, without limitation of quotas, if the revision of the Common Agricultural Policy (CAP) was effectively implemented. The transition towards a green carbon-free industry could also open prospects for

innovative cooperation. Morocco is firmly engaged in the green transition of its industry by choosing the decarbonisation of its production modes. The main axes of the Industrial Recovery Plan 2021-2023 include the positioning of the Kingdom as a carbon-free and circular industrial base. Morocco has also launched support programmes aimed at industrial enterprises to develop carbon-free production modes and back the emergence of green industrial chains and the reduction of pollution. Finally, the transition towards clean energy is a sector of convergence between Morocco and the EU. Morocco's pro-active energy strategy for 2030 assigns a central place to renewable energies and energy efficiency.

In this respect, the responses from the Moroccan experts also reveal the central role of renewable energies, clearly differing from the responses from the countries in the rest of the region (graph 4).

The transition towards clean energy opens new prospects for innovative cooperation and is a sector of convergence between Morocco and the EU.

Graph 4: Q.18 What should the European Union do to accompany the energy transition of the southern neighbourhood countries? (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

With green hydrogen, a technological solution to decarbonise industry, the EU could support the creation of an energy ecosystem and open the way to a substantially innovative partnership.

Beyond the major renewable energy projects with their significant potential for solar and wind energies, Morocco aspires to become a key actor in the development of green hydrogen due to its geographical location, energy interconnections and exceptional renewable energy resources.

Green hydrogen is in this respect a technological solution to decarbonise industry, notably in the production of fertilisers. The EU could in this perspective support the creation of an energy ecosystem around common objectives, as well as translating the points of convergence of the Moroccan-European approaches and priorities, thereby opening the way to a substantially innovative partnership. This dynamic could also influence the respective trajectories of the EU with the partner countries and boost cooperation with the southern neighbourhood in a framework marked by the challenge of innovation, sustainability and growth.

While the Barcelona Declaration aimed to create an area of peace and shared prosperity, over two decades later the Mediterranean region is facing the challenges aggravated by the impact of the COVID-19 pandemic. These challenges demand a new reflection as well as the principle of resilience in all approaches and highlight the need to work for more solidarity, in line with the founding principles of the EMP.

A Quick Survey of EU-Israel Bilateral Relations 25 Years After the Barcelona Process

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The Significance of the Euro-Mediterranean Partnership for Israel: Being Associated to the EU

The real take-off in relations between Israel and the European Union (EU) from an institutional (hence not only economic but also political) viewpoint can be dated to the beginning of the Oslo Process (1993) and to the launch of the Euro-Mediterranean Partnership (EMP), now a quarter of a century old. The latter's objective was to provide a general framework for the reinforcement of political, economic and social relations between the two Mediterranean coasts. In this context, Israel was offered an Association Agreement with the EU for an unlimited time period. It is until today the only legal basis for EU-Israel relations since 2000, when it was entirely ratified by the European Parliament (EP), the 15 member states and Israel. Although the agreement properly speaking was signed in November 1995, it took five years to be ratified, basically for political reasons. It created an association council at the ministerial level that had to meet at least once a year. In practice it has not been meeting since 2012, following the actual freeze of political relations more than a decade ago. From the outset, Israel objected to the fact that the association was part of the so-called EMP that continued to treat Israel like other Mediterranean non-member countries, even when the distance between Israel and the rest of the group in terms of economic development had widened over the 1970s through the 1990s.

Israel objected that despite the growing distance in terms of economic development, the Euro-Mediterranean Partnership (EMP) continued to treat Israel like other Mediterranean non-member countries.

Bilateral Relations After 2004: The European Neighbourhood Policy and Sectoral Agreements

The European Neighbourhood Policy (ENP) was more attractive for Israel in that it was bilateral and differentiated, hence taking the specificities of Israel into account.

Relations between the EU and Israel did not take a new direction until the EU was extended by 10 new countries in 2004. It was not the EMP but rather the widening of the EU and the opening of negotiations with Turkey and Croatia with a view to their membership that led the European Commission (EC) to urgently review its relations with countries in proximity to the new EU-27 by launching the European Neighbourhood Policy (ENP). This policy was all the more attractive for Israel in that it was bilateral and differentiated, hence taking the specificities of Israel into account. This was entirely justified in Israel's perception. The economic gap with the other southern partners of the ENP had widened since the 1990s. And the economic asymmetry between Israel and all other Mediterranean countries (but for Turkey) has been increasing since December 2004 when a tailor-made Action Plan between Israel and the EC was concluded *de facto* in the context of the ENP. At the end of three years, it was evaluated in order for both parties to decide whether there was any reason to alter their mode of relations by signing a new agreement or through an amendment to the 1995 agreement. The Action Plan listed four priorities: reinforce political dialogue; increase economic integration; develop co-operation in justice, policing (legal cooperation, the fight against organised crime) and a whole field of domains (environment, energy, transport, science and technology); and increase *"people to people"* contacts (for example, participation in Erasmus-style educational programmes). What Israel liked most about it was that it was an approach that favoured *"carrots"* over *"sticks"*: the EU would apply a so-called positive conditionality that valued shared values rather than a negative conditionality employed in the context of the 1995 Association Agreement (which contemplated its possible suspension by one of the parties if human rights were not respected by the other party). Even so, as a result of Operation Cast Lead in Gaza, the EU decided to freeze political relations (2009-2010).

Sectoral agreements on agricultural free trade and liberalising civil air transport are in the making with a positive outlook.

By then, however, two important separate sectoral agreements were in the making: one on agricultural free trade between the two parties (2009) and one open-sky agreement liberalising civil air transport traffic between the EU and Israel (entering into force in 2013 and finally ratified by all parties in 2020). According to Israeli official sources, both agreements are working well. Regarding agriculture, there are sometimes discussions about Israel conforming to EU standards, which is normal. In terms of civil air transport, Israel is extremely satisfied. It is now negotiating with the EU so-called *"One-Stop security arrangements"* to reach full recognition by Europe of Ben Gurion Airport security arrangements. More generally, Easyjet, Wizz Air and Ryanair, all of them European low-cost carriers, have become household names to the Israeli tourism industry, which has become a strong supporter of the Open Sky Agreement; not to mention the Israeli consumer of tourism services overseas, who reaps the huge benefits of low-cost travel to Europe. Any Israeli government understands now that it would be very difficult to backtrack and close the country for policy reasons to the winds of cheap overseas travelling.

A latecomer small contribution of the EMP, namely the Regional Convention on Pan-Euro-Mediterranean preferential rules of origin (PEM Convention) of February 2013 did not lead to more regional cooperation in industrial activities between Israel and its Arab neighbours, which was one of its original intentions. Still, Israel is interested in it simply because it helps promote trade with other non-EU members of the Convention, such as Turkey and in the near future the United Kingdom (UK) and the Ukraine (the latter's free trade agreement with Israel entering into force on 1 January 2021). Quite a paradox.

Not all EMP-ENP linked initiatives have been a flop. A particular contribution of the ENP phase in relations between the EU and Israel is in the realm of education, particularly mobility and exchange of university students and academics, namely the different versions of the ERASMUS programme. The EU had financed by 2020 more than 7,000 Israeli students' stays in European universities. There were in 2018 more Israeli students studying in Europe than in the US.

Israel is of course a founding member of the Union for the Mediterranean (UfM), created in 2008 and a sui generis follow-up of the EMP (not of the ENP) and which de facto opened for business only in 2011 with active Israeli input. Still, for several years now it has not had more than symbolic attraction, reflecting a wish to keep a low-profile presence at high-level events. For instance, Minister Amir Peretz, the Minister of Economy, participated as Israel's representative at the 11th Trade Ministerial Conference of the UfM in November 2020, organised as a videoconference.

A particular contribution of the ENP phase in relations between the EU and Israel is in the realm of education, namely the different versions of the ERASMUS programme.

Working under the Radar or the Story of EU-Israel Day-to-Day Relations in the Last Decade

There is a consensus in Jerusalem that the 1995 Association Agreement is old-fashioned, as illustrated by the fact that it does not deal either with trade in services or investment. But given the ongoing reluctance in the EP to upgrade formal relations with Israel for political reasons, the perspective of un-freezing the Action Plan attached to the ENP is unrealistic. Israel-EU relations have proceeded since 2012 in a piecemeal way.

This is the place to deal with what continues to be a central focus for Israel in the bilateral relationship since the 25 years of the Barcelona Process, namely the practical inclusion of Israel in the EU's R&D space (formally not part of the EMP). Initially, that materialised in the active participation of six out of seven R&D Framework Programmes, followed by Horizon 2020 (as from 2017), nowadays on the verge of being wound up. Negotiations between the EU and Israel to include it in "Horizon Europe", the newest programme, will only start in late 2021, as there have been delays in Brussels unconnected to Israel in drawing the new regulations of the Programme, mainly because of the corona crisis. This round funding will be based on the principle of "Pay As You Go", meaning that countries participating cannot earn money from the Programme. All the same, Israel continues to enthusiastically support participation because of the synergies created between European and Israeli academia and industry.

The practical inclusion of Israel in the EU's R&D space continues to be a central focus for Israel.

Cooperation in the fields of education, communication, environment and in the near future welfare lead to a discrete “Europeanization” of Israel’s regulations.

Without much doubt, both EU educational and research activities and funding have helped the EU in developing among Israel’s civil society a strongly pro-European constituency, made up of Israeli universities and research centres, industrialists involved in R&D activities, academics and university students.

Another non-controversial development in bilateral relations is the activity of the European Investment Bank (EIB), which is very satisfied with Israel as far as innovation funding of activities via Bank Leumi linked to medical equipment and desalinisation plants. More recently, €50 million have been set aside to cope with corona-linked projects. Some of the EIB activities are directly linked to Horizon 2020.

Also under the radar, Twinning and TAIEX activities (introduced under the ENP) are proceeding smoothly, allocated €2 million per year. It leads to a discrete “Europeanization” of Israel’s regulations in the domains of education, communication, environment and in the near future welfare (something hoped for in Israel). Not coincidentally all are areas not connected to security and defence where the influence of the United States (US) is dominant. Twinning brings experts of the EU for 18 to 24 months to liaise with the Israeli public sector, while TAIEX allows for bilateral meetings between European and Israeli officials once in a while, nowadays via Zoom.

In terms of energy, the EU has been funding the feasibility studies, not yet completed, for the construction of the so-called East-Med Pipeline to convey gas from Israel all the way to Italy by 2027. The project is currently blocked because of internal disagreements in Italy about the sheer necessity of such a pipeline in view of the Green Transition Plan in the EU. But in any case the EU Commission seems eager to upgrade its dialogue with Israel’s Ministry of Energy.

In the day-to-day relations between the EU and Israel, a process of clarification of legislature regarding the Occupied Palestinian Territories (OPT) has taken place mostly in the last decade to the dismay of the Israeli government and of many Israelis.

However, the present Israeli government seems to focus much more on a series of developments that, admittedly, do not have great economic implications for Israel or obstruct its relations with Eastern Mediterranean member states such as Greece, Italy and Cyprus. Diplomatically, however, these developments are considered more than a simple annoyance. In the day-to-day relations between the EU and Israel, a process of clarification of legislature regarding the Occupied Palestinian Territories (OPT) has taken place mostly in the last decade to the dismay of the Israeli government and of many Israelis. This is now a fact accepted by the Israeli authorities, clearly unwilling to openly challenge the European side. For instance, in 2016-17 under Mrs. Miri Regev’s stewardship at the Ministry of Culture, it was decided locally to freeze a plan to incorporate Israel in an EU programme called “Creative Europe” as the EU insisted on including in the regulation a provision excluding its application to the OPT, following the precedent of Horizon 2020.

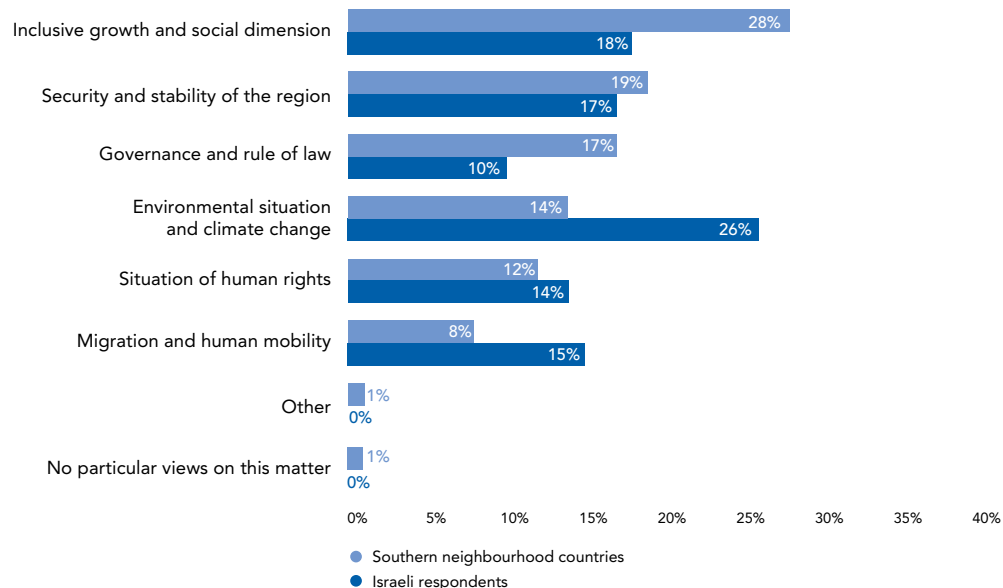
The New Mediterranean Agenda: What is in it for Israel?

The EMP (also known by the term “Barcelona Process”) and its successor frameworks until the “New Agenda for the Mediterranean” have not drawn much of Israeli public officials’ time and enthusiasm, as explained above. Will the “New Agenda for the Mediterranean” based on a decision of the EU Council of December 2020 change that pattern? A perusal of published documents on 9 February 2021 describing the EU’s new Neighbourhood, Development and International Cooperation Instrument (NDICI) shows that there are only marginal items of interest for Israel, such as the EU’s intention to partially fund the construction of a gas pipeline from Israel to Gaza or the upgrading of the Jordanian Hussein Bridge, linking the West Bank to Jordan and facilitating connectivity between the two sides of the Jordan river. These are two “flagship projects” mentioned in the Agenda. The EU also mentions as a “flagship project” its wish to step up the already extended cooperation with Israel in the areas of digital research and innovation, without specifying beyond that. Even so, there are some Israeli observers that see in the New Agenda some new opportunities for involving the EU in helping to promote intra-regional cooperation among Mediterranean partner states. This moderate optimism is based on the fact that the geopolitical environment has changed for the better in Israel’s views, such as the establishment of political and economic relations with Morocco and several Gulf States. There is a perceived need to continue the dialogue with other Mediterranean countries, as this is something that not only the EU but also the new US Biden administration will probably be keen on. Another aspect in the New Agenda will attract the attention of the Israeli private and public sectors, namely its insistence on involving Mediterranean partners in the EU’s Green Transition and on coping with climate change. Israel is already very closely following the development of green standards in the EU. And the fact that the US has now rejoined the Paris Agreement compels Israel to everything related to climate change in the Mediterranean very seriously. Suffice it to recall here that the EU and the US are by far Israel’s most important markets for its exports of goods and services.

This is confirmed by a quantitative analysis of answers given by the Israeli experts to the EuroMeSCo Euromed Survey, compared to those given by other Southern Mediterranean Countries (SMCs). For instance, climate change is considered a top challenge, while inclusive growth comes only in second place, the reverse happening for the rest of the Mediterranean countries.

The EMP, the ENP and the “New Agenda for the Mediterranean” have not drawn much of Israeli public officials’ time and enthusiasm.

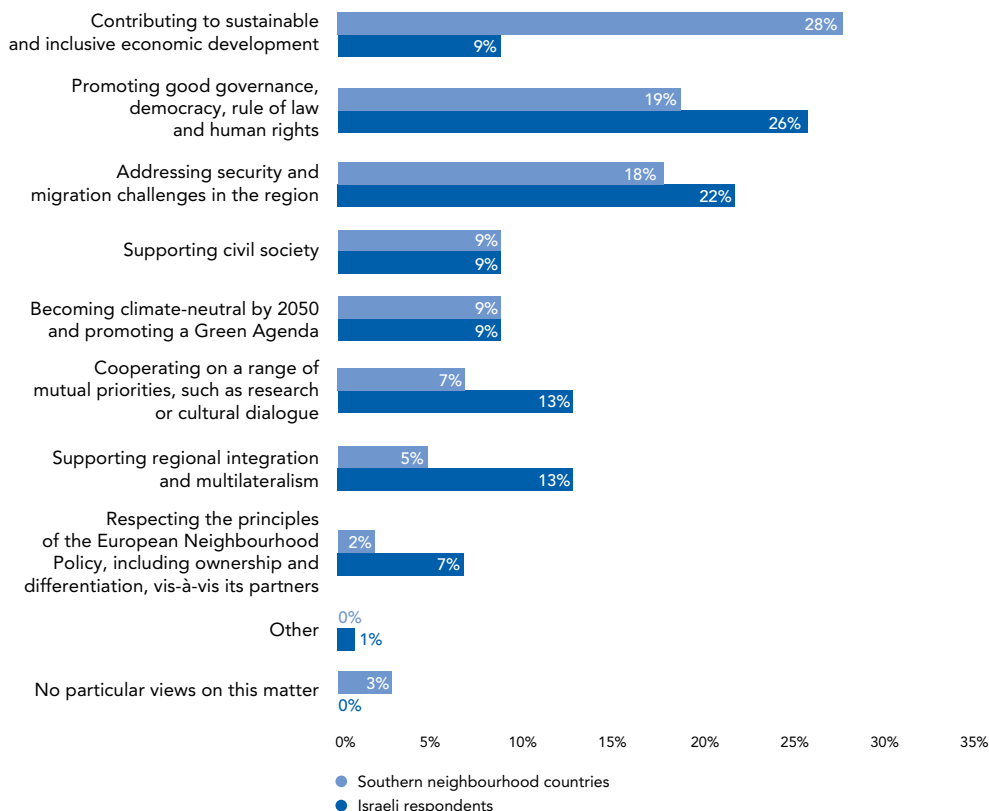
Graf 1: Q.1 For which of the following challenges are greater efforts needed?
(Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

This is not surprising given the impressive and lasting growth record of Israel since 2003 (more than 3% annually). However, climate change is not considered as an opportunity for intraregional cooperation, probably because as explained Israelis seem more focused on cooperating with the EU and the US on matters related to the Green Transition. Not surprisingly, the EU's added value for Mediterranean Arab countries is the EU's support of their own economic development, whereas Israel is considered by the EU as a developed country already. Hence, Israeli experts mention other possible EU contributions such as the promotion of security, human rights and good governance.

Graf 2: Q.5 What is the European Union's added value compared to other global players that are increasingly active in the region? (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

Compared to other SMCs, when asked about future constraints to cooperation, Israeli experts are much more worried than the rest by the meagre perspective of solving enduring conflicts in the Eastern Mediterranean (e.g. Israeli-Palestinian conflict, civil war in Syria, Cyprus conflict and new trends in Turkish foreign policy). Answers of Israeli experts related to the achievement of resilient and sustainable economies clearly relate to other Mediterranean partners, not to Israel proper, for the reasons previously mentioned. Finally, when asked about support for the Green Transition, Israeli respondents are far keener than the average to privilege conditionality to promote green reforms and involve the private sector in the endeavour. Educating future generations about climate change is particularly stressed by the Israeli respondents.

Compared to other SMCs, Israeli experts are much more worried by the meagre perspective of solving enduring conflicts in the Eastern Mediterranean.

A qualitative analysis of individual suggestions made by the latter suggests that some are really done with the future of EU-Israel bilateral rather than intra-Mediterranean relations in mind. Relating to the latter, the need is mentioned for more bottom-up dialogue and concrete projects bringing young people of both sides

of the conflicts in the region. There is a widespread consensus that the EU can help in this task now that the so-called Abraham Accords have opened normalisation perspectives with several Arab states (such as Morocco). Other suggestions include the EU's support (political and financial) of the East Med Gas Forum and becoming an observer. The EU, as is strongly suggested by Israeli experts, should also pursue programmes that are deemed a success, such as Erasmus+, Horizon 2020, the Open-Sky Agreement as well as support to pro-peace and pro-democracy non-governmental organizations (NGOs). More ambitious long-term objectives include sharing the agenda on climate change; the promotion of cross-border cultural exchange with all ENP partners; exploring the possibility of associate EU membership for Israel; above all the EU should promote political stability in the Eastern Mediterranean. One particular aspect of this endeavour as seen by Israeli observers is obtaining the help of the EU to ensure personal security and safety, including neutralising the current pandemic by mass vaccination and supporting joint efforts in cyber capacity. A special role is left for the EU as a key player in promoting awareness of issues of privacy, while at the same time fighting cyber-crime and promoting de-radicalisation programmes. Clearly, many Israeli experts consulted for the Survey also seem to expect much from the EU in the field of youth education.

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Reflections on EU-Jordanian Cooperation: Towards Tertiary Economics

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Context to EU-Jordanian Cooperation

While 2021 marks the 42nd year of European Union (EU) presence in Jordan, the EU and Jordan solidified their relationship with the 1995 Barcelona Declaration. They did so as parties whose interests might straddle the European/Middle East divide into what might be thought of as the Mediterranean region. The Declaration rested on the pillars of regular political dialogue, the development of economic and financial cooperation, and greater emphasis on the social, cultural and human dimensions. It was born in the early hope of the Oslo Accords, in which the EU sought to buttress the peace process with the economic integration of its key players, among them Jordan. By gradually eliminating tariffs, the Declaration's crowning objective was to establish a free-trade area between the participating Mediterranean partner and EU members (Barcelona Declaration, 1995).

This Declaration would form the basis of the Union for the Mediterranean (UfM), the 42-member body formed in Paris in 2008. The Union brought nearly all EU members together with the Mediterranean Basin states. Twenty-five years after Barcelona, however, parties on both sides of the Mediterranean question its efficacy. EU observers regretted the lack of resolve to see good governance and human rights measures implemented in Mediterranean partner countries (Amirah-Fernandez, 2020). In turn, partner observers tended to cite the EU's preoccupation with Eastern European parties and their inclusion in the EU, much to Turkey's chagrin. There was also frustration with the lack of progress on the Israeli-Palestinian front, the 2008 flare-up of which nearly aborted the Union. The economic prospects also failed to bear fruit when – long after passing its 2010 deadline – the free-trade area was not established.

Underlying the challenges, it seems there was a crisis of Mediterranean identity. Josep Borrell observed that one of the major obstacles to the Barcelona Process

Twenty-five years after the Barcelona Declaration, parties on both sides of the Mediterranean question its efficacy.

It seems there was a crisis of Mediterranean identity and shared goals, and an absence of a Mediterranean “regional will”, exacerbated by the fact that while the EU parties could come together on a united platform, the non-EU parties could not.

was the lack of “common identity and shared goals” among the parties. This translated into an absence of a Mediterranean “regional will”, exacerbated by the fact that while the EU parties could come together on a united platform, the non-EU parties – some of which did not formally recognise each other – could not (Borrell, 2020). The Union yielded to the European Neighbourhood Policy (ENP), which continued the pivot towards Eastern Europe, lightening the weight of Mediterranean representation. Due to the structural challenges of negotiating multilateral consortia, Union parties instead focused their energies on pursuing bilateral relations with each other.

Expectations of Jordanian Authorities Towards the EU

Jordan rooted its relationship in cooperation on long-standing interests: an outcome to the Palestinian-Israeli conflict and EU-Jordanian trade agreement.

Jordan was among those pursuing bilateral relations with the EU, rooting its relationship in cooperation on long-standing interests. Politically, this mainly concerns an outcome to the Palestinian-Israeli conflict based on Oslo’s two-state framework. The shockwaves of Trump’s Peace to Prosperity Plan would highlight the EU’s moderating role. Days after the Plan was released, Borrell reaffirmed that “Jordan plays a very special role... in particular as regards Jerusalem and as the Custodian of the Holy Sites. We share the commitment to a two-state solution and respect for international law” (Jordan Times, 2020). While the incoming Biden administration endorses a two-state solution, Jordanian authorities are depending on the EU to champion the principle in international fora, especially by ensuring that the West Bank remains viable grounds for a Palestinian state.

Trade represents the chief economic interest between Jordan and the EU. The bedrock of EU-Jordanian trade is the 2002 Euro-Mediterranean Agreement between Jordan and 15 EU members. The comprehensive agreement worked to eliminate virtually all customs duties on trade in industrial, fish and marine, and agricultural products. However, Jordanian businesspeople struggled to establish relationships with European counterparts, largely because of the agreement’s rules of origins clauses, which required that 60% of material inputs be Jordanian.

Considered major landmarks, agreements in 2016 and 2018 simplified the clauses so that only 30% of material in Jordanian products had to be made in Jordan. These agreements were signed in the era of the 2012 Jordan Compact, in which the EU’s concern for Syrian refugees was increasingly reflected in its economic relations with Jordan. Syrian livelihoods were promoted and valued as safeguards against donor fatigue and an overburdened United Nations High Commissioner for Refugees (UNHCR). At various points in time, agreement stipulations included, for example, that 15-25% of export production lines had to include UNHCR-registered Syrians (Al Nawas, 2020). Already facing domestic unemployment challenges, Jordanian authorities in turn expected refugee aid initiatives to have a 7:3 Syrian to Jordanian benefit ratio, a formula widely observed by the donor community (FAO, 2018, p. 2). While EU-Jordan trade saw boosts after the 2012 Jordan Compact and the 2016 and 2018 Rules of Origin Agreements, growth did not last beyond a year in each case (EU Directorate-General for Trade, 2020, p. 9).

The inability of the agreements to sustain growth indicates that there are more structural obstacles to trade between Jordan and the EU. While 18.2% of Jordan's imports come from the EU – making it Jordan's top exporter – the EU only imports 3% of Jordan's products, making it the seventh importer of Jordanian products. In total volume, the EU is Jordan's second biggest trading partner after Saudi Arabia – mainly Germany, Italy and France. On the other hand, Jordan is the EU's 65th – and its 15th in the West Asia North Africa region. In 2020, the EU exported some €3 billion worth of goods to Jordan, more than eight-fold the €360 million it imported from Jordan (EC Directorate-General for Trade, 2020, pp. 7-9). This trade balance must be read in spite of Jordan's smaller population and lower purchasing power relative to the EU (Vergbert, 2020). Given that Jordan's average import-export ratio stands around 6:4, it is also unusually negative relative to other partnerships (WITS, 2018).

The inability of the agreements to sustain growth indicates that there are more structural obstacles to trade between Jordan and the EU.

The imbalance is mainly attributable to the nature of the export markets. Namely, that Jordan needs high value goods produced by Europe such as machinery and transport equipment – imported at €1.189 billion in 2019 – while Europe does not need Jordan's highest valued goods, namely chemicals and pharmaceuticals. Although making up 43% of its Jordan imports, the EU imported from Jordan only €40 million worth of fertilisers. The EU maintains a protectionist policy that aims to ensure domestic fertiliser production, and has in place a 6.5% tariff on imports of phosphorus and potassium, resources in which Jordan holds a significant global share. Still, of the 23% of potash that the EU does import, only 3% comes from Jordan. By way of regional comparison, 9% comes from Israel (EU Science Hub, 2021, p. 321).

Trade imbalance is mainly attributable to the nature of the export markets. Jordan needs high value goods produced by Europe while Europe does not need Jordan's highest valued goods.

Pharmaceuticals represent an even greater challenge, whereby the EU imports only 5% of its medicinal needs (Eurostat, 2020). As such, it imported only €3 million from Jordan, while exporting to it €314 million. The stiff competition for the EU's pharmaceuticals market means that Jordan will have to markedly develop its industry. It was perhaps towards this end that Jordan's Economic Growth Plan for 2018-2022 (JEGP) states, "Jordan must invest in preparing its manufacturing sector for compliance with EU quality requirements, identifying and establishing private sector trade linkages and partnerships, credit facilities, and feasible transport solutions" (EPC, 2018, p. 14). This could be a boon for Jordan's pharmaceutical profile, which already enjoys regional clout.

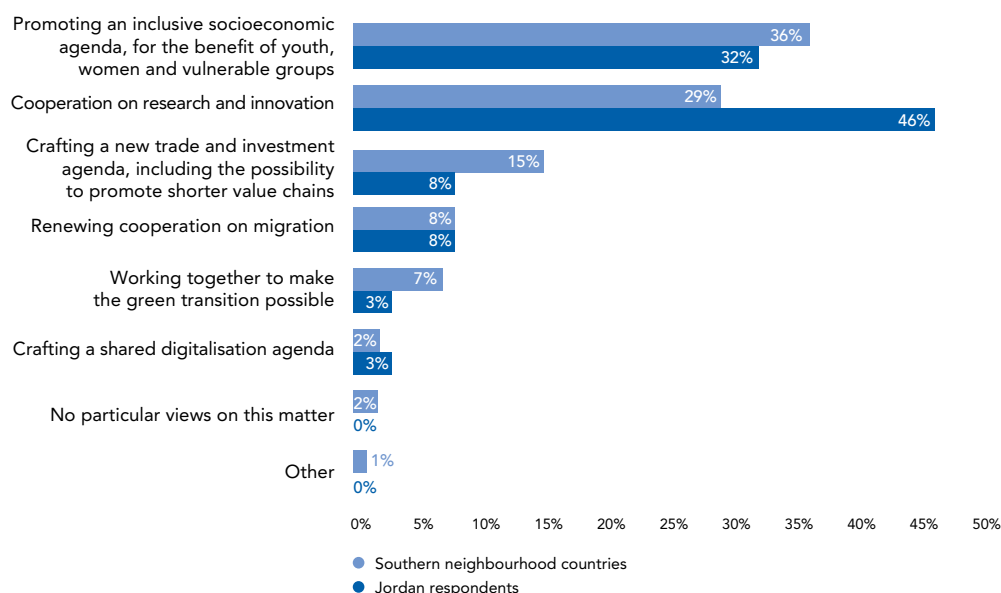
Otherwise, textiles and clothing make up Jordan's next biggest share of exports to the EU, at 16.3%. However, these are manufactured in industrial parks – operating beyond regular tax regimes – that are over two-thirds staffed by foreign workers (METJ, 2020). As such, the €52 million they generate from the EU's imports do not permeate the Jordanian economy as effectively as the pharmaceutical industry, dominated by private enterprise and relying on Jordanian skills.

Observations from the Jordanian Street

Jordanians are aware that the move away from raw resources towards specialised products and services requires Jordan to have a competitive edge.

Jordanians tend to reiterate that economics is the most important area of EU-Jordanian cooperation, as per the January 2021 EuroMeSCo Euromed Survey. Moreover, responses indicate awareness among Jordanians that the move away from raw resources towards specialised products and services requires Jordan to have a competitive edge. Towards this end, Jordanians have a rather specific focus on the main opportunities the EU and its southern partners should jointly seize. While southern neighbourhood countries as a whole said that promoting an inclusive socioeconomic agenda was the most important opportunity (36%), 46% of Jordanians said that cooperation on research and innovation was more important (see graph 1).

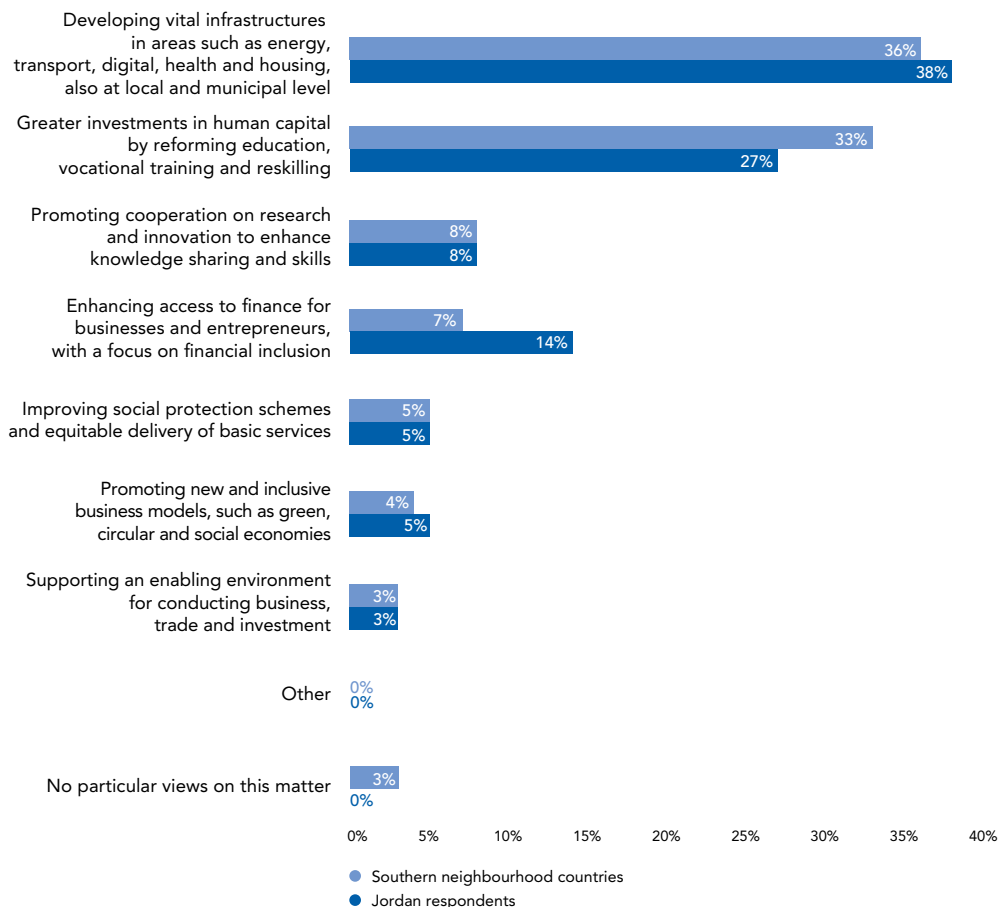
Graph 1: Q.2 What are the main opportunities that the European Union and its southern partners should jointly seize? (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

This might be read in light of a qualified workforce without the resources to develop research and innovation capacities (UNDP, 2020). In terms of resources, it seems that Jordan especially lacks physical infrastructure. This perception was reinforced by the Jordanian response that the most effective way to foster more inclusive economies in the region was through developing vital infrastructure (see graph 2).

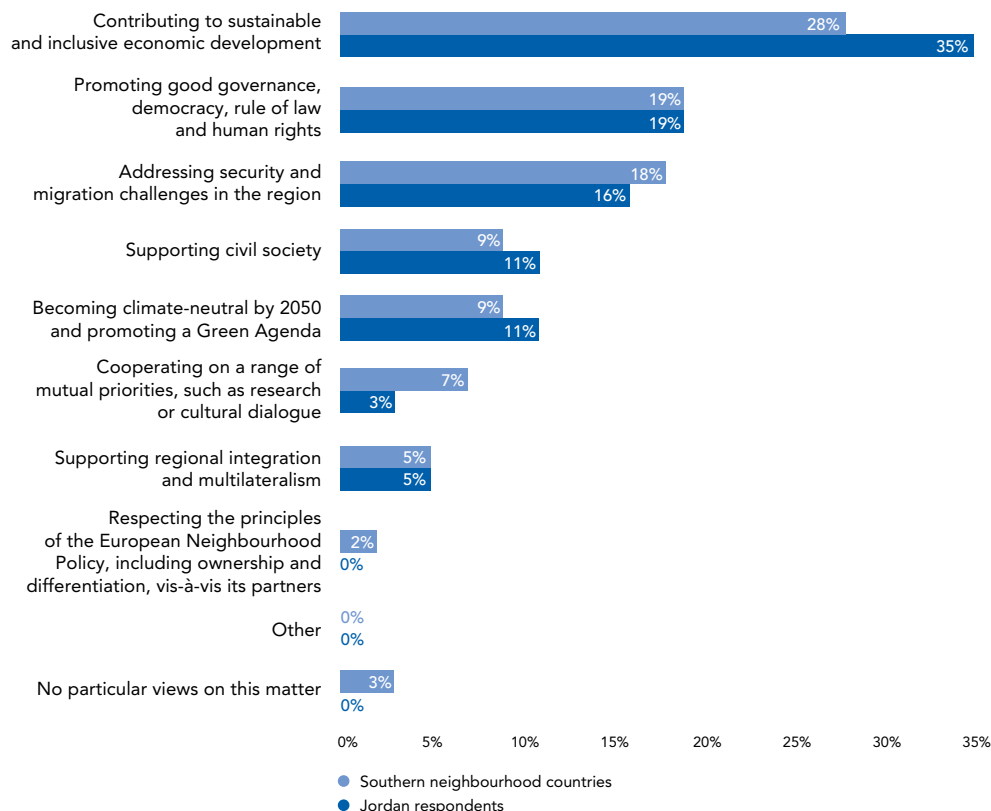
Graph 2: Q.12 Most effective ways to foster more inclusive economies in the southern neighbourhood countries (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

In line with regional trends, Jordanians saw the EU as providing added value in prioritising a sustainable and inclusive economic development agenda relative to other global players. Compared to other regional respondents, Jordanians also had a nuanced appreciation of the EU's added value in supporting civil society and promoting a green agenda, two themes that feature prominently in EU-sponsored projects in Jordan (see graph 3).

Graph 3: Q.5 What is the European Union's added value compared to other global players that are increasingly active in the region? (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

Particular Issue of Importance

Water scarcity and reliance on energy imports will constrain its manufacturing; thus authorities look increasingly towards specialised services.

Jordan must develop sectoral growth according to resource strengths and limitations, both natural and human. While Jordan is not lacking in labour – the Jordan Economic Growth Plan (JEGP) acknowledges – water scarcity and reliance on energy imports will constrain its manufacturing. Rather than goods, Jordanian authorities and respondents thus look increasingly towards services, although not its traditional activities. Neither government nor finance services – Jordan's top two gross national product (GDP) contributors – can continue to be the engines of growth (EPC, 2018, p. 7). The COVID-19 crisis has shown that Jordan cannot rely on the hospitality and tourism sector to dominate either.

Rather, Jordan must look to more specialised services, in harmony with both global trends and Jordanian skills. Jordanians are thus keen to develop their Information and Communications Technology (ICT) sector. Accounting for 12% of GDP in 2018

– a treble growth since 2014 – Jordanians have seen the success that ICT enterprises can have (JIC, 2018, p. 2). Jordanian web-based companies such as Mawdoo3 – dubbed the “Arabic Wikipedia” – Arabia Weather, and Jamalon Bookstore, have become the largest regional providers in their respective services.

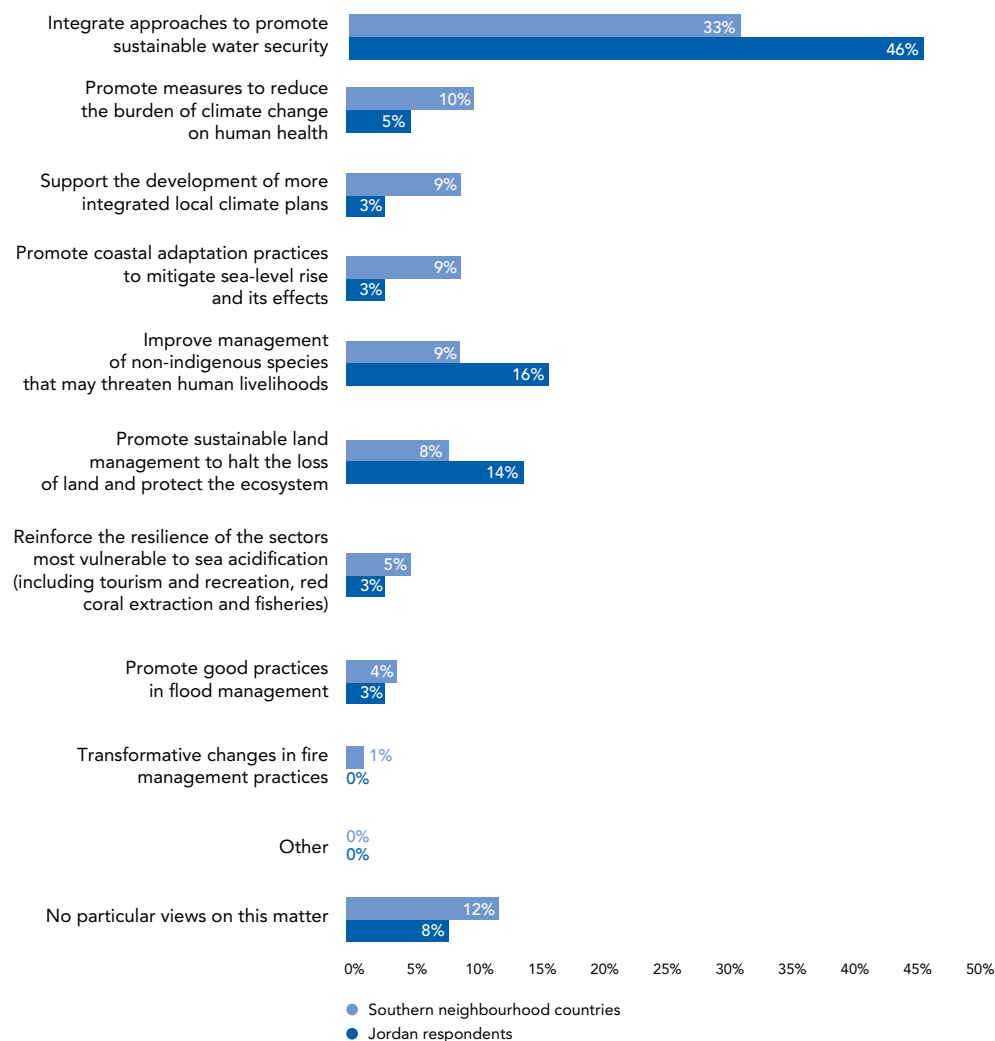
As such, developing ICT is a top government priority. According to the JEGP, Jordan “aims to capitalise on its competitive advantages of having high quality human capital, favourable project economies, competitive wages and its convenient time-zone” by becoming a digital outsourcing hub in the region and internationally. However, it emphasises that key infrastructure is lacking in order to implement digitalisation policies. Jordan requires advanced digital infrastructure, including fibre-optic networks (EPC, 2018, p. 39). In 2019, Jordan saw two of its biggest telecom companies roll out these cables to deliver 5G internet access to homes and businesses across the kingdom.

Beyond infrastructure, respondents indicated the need to develop ICT skills. Globally ranked third in having the most diversified pool of skills amongst its tertiary graduates, Jordan’s ICT sector appears to have a solid foundation upon which to develop (WEF, 2020, p. 39). However, Jordanians do not take this for granted, with responses indicating an acute awareness that the ICT sector requires constant training and cutting-edge skills. More than half of all respondents said that adapting education and vocational training to the requirements of digitalisation was the most effective way to support a digitalisation agenda (see graph 4).

ICT is now a top priority in Jordan but key infrastructure is lacking in order to implement digitalisation policies.

Together with infrastructure, adapting education and vocational training to the requirements of digitalisation is also a key element.

Graph 4: Q.19 Priority measures to face climate and environmental change in the Mediterranean (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

Considering labour readiness as a first step to establishing a thriving ICT sector, Jordan would stand to benefit from a comprehensive survey of its current skill sets in this sector, with recommendations on which skills need to be developed. In order to gain momentum, the sector would need to attract foreign investment. Jordanians are quite aware of this; when asked about what should be done to stimulate trade relations between the EU and its southern partners, most respondents said the EU and its partners should enhance market access by including services and investment in agreements. The EU could thus encourage Jordanian ICT growth by expanding the role of services in upcoming trade agreements and making it a priority on its donor agenda.

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Egypt and the EU: Ten Years After the Arab Uprising

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Egypt has been an active partner of the European Union (EU) in the Southern Mediterranean for decades. Relations between Egypt and the EU have gained further importance in the past few years. The deep instability that engulfed many countries around the region, and the complex crisis of the entire regional order, have all granted greater importance to relations between Egypt and the EU.

Greater Regional Risks

Following the uprisings of 2011, political turmoil devastated the fragile regional order in the Southern Mediterranean. The situation in the region was further exacerbated by the lack of constructive initiatives on the side of major global actors, particularly the United States (US). The US has been the main global actor in the Mediterranean and Middle Eastern scenes in most of the post-WWII era. In recent years, however, the US has developed disinterest in the region. Having fought costly wars of choice in Afghanistan and Iraq, without conclusive outcomes, the American public and elites lost interest in the region in particular, and developed isolationist attitudes vis-à-vis international politics in general. Scaling down American involvement in our region is among the few agreements in the divided American society. Security of energy supplies and the state of Israel provided the *raison d'être* of US presence in our region but apparently this is no longer the case. The US is no longer concerned about the security of energy supplies as it has been in most of the post-WWII era. Israel has grown up and is no longer dependent on US security guarantees. As it stands, the US can afford to pull back from the Middle East and the Mediterranean without serious risks.

Following the uprisings of 2011, that affected the fragile regional order in the Southern Mediterranean, the situation in the region was further exacerbated by the lack of constructive initiatives on the side of major global actors.

Greater Demand for EU Role

Mounting risks of terrorism and human trafficking and the recent discoveries of natural gas in the Eastern Mediterranean are spilling over into the broader region, to further accentuate the Mediterranean as a security complex.

After all, the US is not a Mediterranean country, and it is shielded against regional hazards by the reality of geographic distance. In contrast, geography strongly links Europe to the Mediterranean. The past decade has accentuated the fact that the Mediterranean is a transit area rather than a barrier. The mounting risks of terrorism and human trafficking across the Mediterranean prove beyond doubt that the Mediterranean is rapidly developing into a security complex, where developments in one country impact other countries.

The recent discoveries of natural gas in the Eastern Mediterranean lead in the same direction. Offshore natural gas from the Eastern Mediterranean created common interests between a number of Mediterranean and European countries. Also, the newly discovered valuable natural wealth under the Mediterranean deep water further aggravated the old disputes about territorial and economic waters. Both the blessings and the curses of the discovered wealth are spilling over to the broader region to further accentuate the Mediterranean as a security complex.

The scaling down of the US presence in the region encouraged regional and supra-regional actors to pursue assertive policy. The strategic competition between different actors generated further risks. The situation in the region calls upon the EU to assume its responsibilities towards the stabilisation of the region.

Egypt in the Eye of the Mediterranean Storm

Egypt has to deal with the emerging threats in the Mediterranean, while continuing to address the much older concerns of underdevelopment and poverty.

Egypt is located in a central position, where many of the serious Mediterranean security risks intersect. Egypt experienced the Arab uprising, had its share of political turmoil, and suffered the economic losses caused by political instability. Terrorism is a main security threat, which Egypt has to face. Across Egypt's western borders, the political crisis in Libya raises serious security concerns. The fragile state institutions in Libya allowed terrorist groups a safe haven in the troubled country. Egypt is blessed by the natural gas resources recently discovered in its economic zone under Mediterranean waters. However, the discovered resources induced regional tension and risks, rather than cooperation and harmony.

Egypt has to deal with the emerging threats in the Mediterranean, while continuing to address the much older concerns of underdevelopment and poverty. Egyptian security and development concerns are of a hard-core nature, which sets Egypt's national priorities in rather a traditional fashion, where military preparedness and the mobilisation of economic resources make all the difference. Within these circumstances, the government in Egypt carries much greater responsibilities and enjoys greater powers than those assumed by governments in the more conventional liberal model.

Achievement Yes, But Still Early to Celebrate

The Arab uprising did not generate success stories. It generated a few survivors and a larger number of failing states. Egypt has been lucky to make it to the short-list of survivors. It continues to face the threat of terrorism, even though it successfully contained it in a narrow pocket in Northern Sinai (Mcmanus, 2020). The forces of instability and economic distress could have turned Egypt into a major source of irregular migration. However, Egypt has been able to control trafficking through the deployment of measures of both security and development (IOM, 2020). Tourism has suffered the calamities of terror and instability but the economy achieved satisfactory levels of growth. In 2019, prior to the outbreak of COVID-19, Egypt's economy grew at a rate of 5.6% (World Bank, 2020a). The pandemic is obstructing growth everywhere. However, with a growth rate of 3.55%, Egypt is among the few countries that managed to achieve a positive growth rate during the dark year of 2020. A recent report by the International Monetary Fund (IMF) expects the Egyptian economy to expand by only 2.76% in 2021, before returning back to an average growth rate of 5.28% over the four-year period 2022-2025 (IMF, 2020). In a recent report, the World Bank recommended allowing the private sector greater space and opportunities (World Bank, 2020b). The report highly valued the macro-economic reforms introduced in Egypt during the past five years. The report suggested that realisation of the potentials made possible by such reforms requires structural changes towards the creation of functioning markets.

But achievements do not come without cost. Egypt's achievements have been made possible through massive centralisation and mobilisation of resources, and the limiting of political pluralism. While appreciating the progress achieved, aspirations for openness and expansion of the public sphere are shared by many in Egypt. Political openness that would not jeopardise stability and the steady economic growth is the delicate balance which Egypt's main stream is looking for.

Egypt's achievements have been made possible through massive centralisation and mobilisation of resources, and the limiting of political pluralism.

Convergence and Divergence

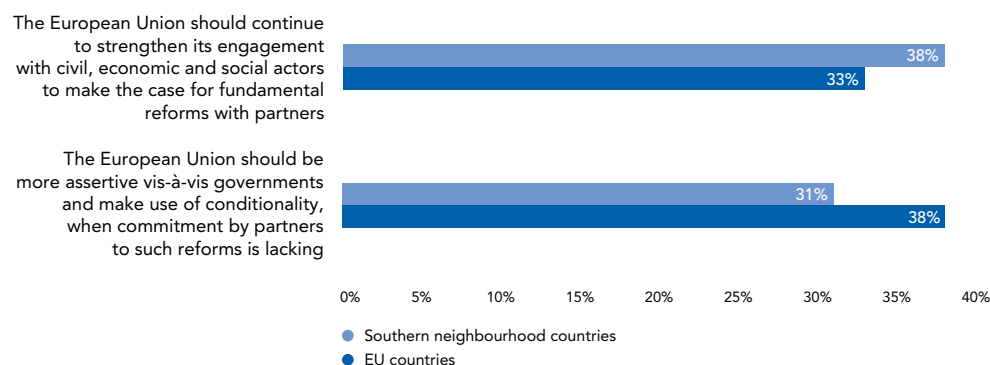
The varying views regarding developments in the Mediterranean are captured by the Euromed EuroMeSCo Survey. The Survey reveals patterns of convergence and divergence between the different sub-groups. Capturing divergences is important to develop a nuanced picture of interests and values of different groups. This is particularly important towards the development of policies tailored to serve the needs of different partners. Identifying convergences, on the other hand, is important to capitalise on common interests and preferences so that integration across the Mediterranean is better served.

Responses of different groups to the questionnaire reveal important trends. There is a high level of convergence between the views expressed by respondents from the southern neighbourhood and the views of respondents from the EU. The Survey contains 23 questions, asking about 29 items. Comparison between the views of the southern neighbourhood respondents and EU respondents was possible on 19

items, among which the views of southern respondents converged with the views of non-southern respondents 16 times. The close to identical views expressed by respondents from the two sides of the Mediterranean reflect a great deal of common understanding and the emergence of a Euro-Mediterranean public space, where views about security, growth and culture are widely shared.

The three cases of divergence between EU and southern neighbourhood respondents are significant in illustrating different approaches of the two groups. First there is question 10 (see graph 1), asking about ways to support reforms in good governance, democracy, the rule of law and human rights. While the majority of EU respondents selected conditionality and assertiveness vis-à-vis southern governments, southern neighbourhood respondents selected stronger engagement with civil, social and economic actors. The underlying difference is between respondents from the Southern Mediterranean who prefer persuasion and incentives over assertiveness, which is supported by non-southern respondents.

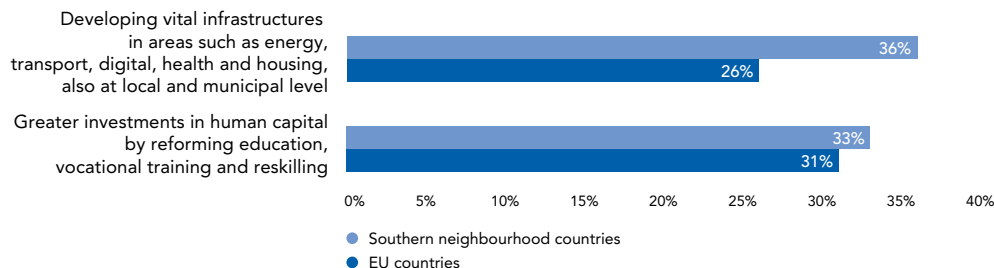
Graph 1: Q.10 When it comes to supporting reforms in the fields of good governance, democracy, the rule of law and human rights (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

Then there is question 12 (see graph 2), asking about ways to foster inclusive economies in the south. While EU respondents selected investment in human capital, southern neighbourhood respondents opted for developing vital infrastructures in energy, transport, digital, health and housing. EU respondents tend to adhere to a liberal notion of empowerment, where educated and skilful poor can self-help limit their economic marginalisation. Southern neighbourhood respondents, on the other hand, adhere to a more traditional approach, where public spending and investment in public works is the answer to the question of economic inclusion.

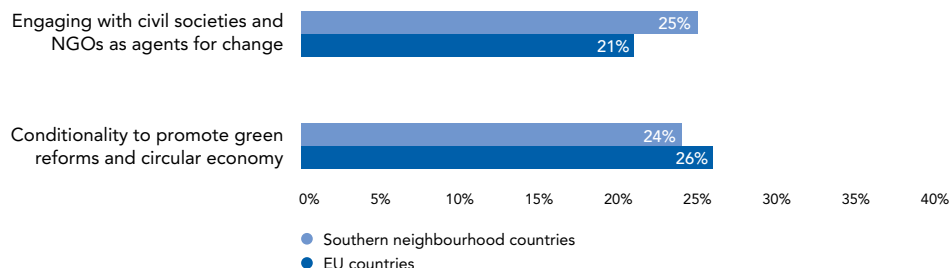
Graph 2: Q.12 Most effective ways to foster more inclusive economies in the southern neighbourhood countries (Ranked as first option)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

Finally, there is question 17 (graph 3), asking about effective ways to support green and sustainable transition in the south. While EU respondents selected conditionality to promote green reforms and circular economy, southern neighbourhood respondents selected engaging with civil society. Divergence between the two groups corresponds to the observed traditional trends, where non-southerners tend to opt for conditionality, while southerners tend to resist conditionality as a type of unwelcome pressure and interference.

Graph 3: Q.17 Effective ways to support the green and sustainable transition in the southern neighbourhood countries (Ranked as first option)



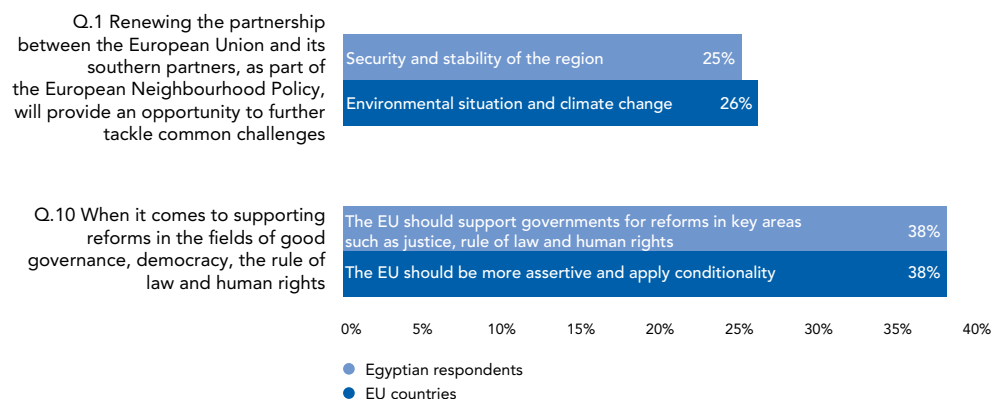
Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

Respondents from Egypt, however, reveal a greater level of divergence. On the compared 19 items, the first choice selected by Egyptian respondents was different from the choice of the EU respondents six times. While non-southern respondents tended to put more emphasis on civil society, human capital, the private sector and reform, respondents from Egypt tended to put more emphasis on government, infrastructure, security and financial assistance.

The views of Egyptian respondents reflect Egypt's recent political experience, where the years of political turmoil and terror accentuated the importance of stability, security, and order.

Views of Egyptian respondents reflect Egypt's recent political experience, where the years of political turmoil and terror accentuated the importance of stability, security and order (see graph 4).

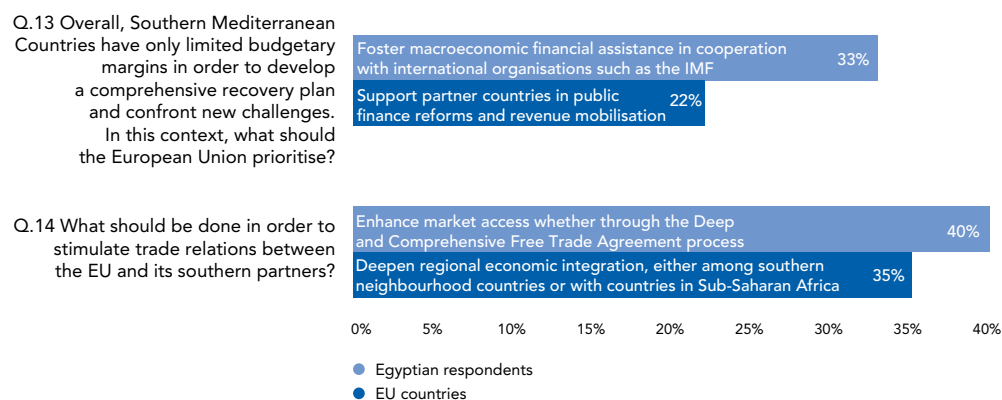
Graph 4: Divergent views of EU and Egyptian respondents (top options in %)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

Views of Egyptian respondents also reflect Egypt's struggle with chronic poverty and sluggish development, which creates a strong pressure for centralised mobilisation of resources towards rapid growth (see graph 5).

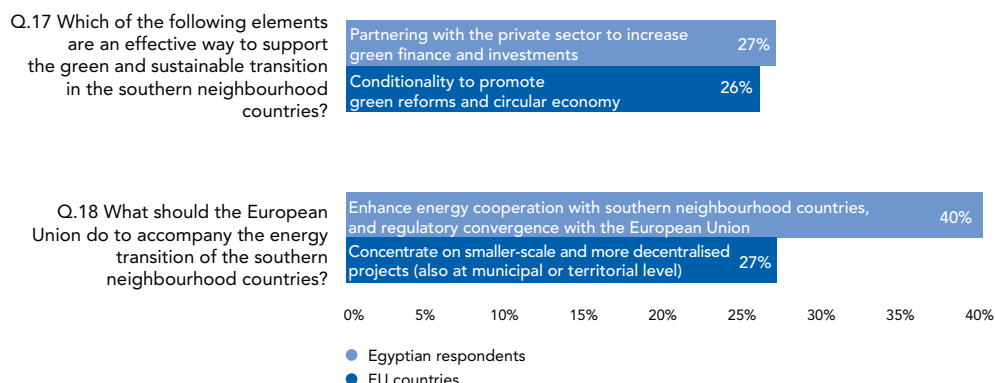
Graph 5: Divergent views on sustainable and inclusive economies EU and Egyptian respondents (top options in %)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

However, the divergence on question 17 is really interesting (see graph 6). Question 17 asks about the means to support green and sustainable transition in the south. While EU respondents selected working with the private sector, Egyptian respondents selected conditionality. This is the only case where Egyptian respondents supported conditionality, which can be interpreted as an indication of how important the environment is for middle-class educated Egyptians. It could also be argued that it is unlikely that a government so preoccupied with economic growth will pay enough attention to the environment unless lobbied by external partners.

Graph 6: Divergent views on green agenda EU and Egyptian respondents (top options in %)



Source: Compiled by the IEMed based on the results of the EuroMeSCo Euromed Survey

However, the Survey reveals that, notwithstanding divergences, certain policy directions receive the agreement of different groups. These include:

- Promoting an inclusive socioeconomic agenda and sustainable and inclusive development. The political turmoil of the recent past has been instrumental in making the case for inclusive and sustainable development to face the risks of exclusion and marginalisation.
- Corruption, insufficient governance and institutional capacity are obstacles to growth and regional integration. Views around the Mediterranean might be different regarding democracy and rights. However, the agreement on governance and institutionalisation helps to bridge the gap between the two shores.
- Importance of establishing networks and platforms to link civil society actors. Although differences exist regarding the political role of civil society, there is a greater agreement vis-à-vis its developmental role.

- Building economic opportunity and addressing root causes of irregular migration. This is an area where the EU and the southern countries are in a clear win-win situation.
- Adapting education and training to requirements of digitalisation. There is a shared agreement that digitisation is the wave of the immediate future. It is an area in which the Southern Mediterranean turns north in search of knowledge and expertise.
- The importance of promoting green reforms and circular economy. Even though the Southern Mediterranean is occupied with economic growth, there is sufficient understanding of the importance of green economy and recycling. The EU has established itself successfully as the global champion of the protection of the environment. Southern partners appreciate this reality, and are ready to make use of it.
- Promote sustainable water security. Water scarcity is a concern for many nations in the southern neighbourhood, and the EU is invited to play a constructive and effective role addressing this vital issue.
- EU members should unify positions and speak with one voice. Such a wish can hardly be met. However, agreement on this issue reflects the losses and missed opportunities caused by divisions among EU members.