Ten Years after the Barcelona Process: Assessment and Perspectives

From Barcelona Process to Neighbourhood Policy

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Assessment of the Barcelona Process

2004 was the year when the European Neighbourhood Policy (ENP) was, for the Mediterranean region, introduced as a new tier on top of the existing Barcelona process. It has been said in the European Union institutions that the ENP is going to reinvigorate the Barcelona Process. This sounds like an interesting proposition, but it needs to be specified and examined. Where had the Barcelona process actually got to? What might the ENP add to it?

If the standard of assessment were that the Barcelona process should have been already transforming the region’s economic and political trends, then it has not succeeded. The economic performance of the region has stagnated and its relative performance in relation to Central and Eastern Europe and most of Asia has deteriorated. Political reform has also been almost non-existent. Societal trends, for example tendencies in favour of radical Islam, are deeply worrying.

If the standard were whether or not Barcelona had created a constructive political and institutional infrastructure of comprehensive partnership between the region and Europe, which had the potential to be built upon and further strengthened in the early decades of the 21st century, then Barcelona has already become a considerable achievement. The Barcelona Process has surely not been in the category of a strategic mistake, generating unexpected and counterproductive effects, such as causing conflict, destabilising societies or aggravating tensions between the European and Arab communities. This is not an empty remark, given the political tensions generated by US policies in much of the region. On the contrary, relations between the European Union and its partners are relatively cordial and constructive, and thus provide a plausible foundation for a deepened relationship.

European Neighbourhood Policy (ENP) so Far

The European Union started developing a new Neighbourhood Policy as soon as the big enlargement from 15 to 25 member states was becoming virtually certain and when, as a result, minds began to focus on what this would mean for the ‘new neighbours’. Initially concerns were expressed for three Northern neighbours, Belarus, Moldova and especially Ukraine. But when the debate among foreign ministers and the Commission began to get serious, the Mediterranean member states voiced their concern that the South should not be relatively disadvantaged in any new initiative. In policy documents published in May 2004 the territorial ambitions of the initiative were progressively expanded to embrace all the European CIS states to the North and East and all the Mediterranean states of the Barcelona Process. The title of ‘Wider Europe’ was discarded in favour of European Neighbourhood Policy (ENP). The Commission initially gave the responsibility for developing the policy to a task force mainly staffed from the Directorate-General for Enlargement, although this is now changed under the new Commission, with responsibility passed to the Directorate-General for External Relations. However the initial link to the enlargement people in the Commission had an evident impact on the content and method, even though the ENP was clearly stated not to imply a membership perspective. Like the accession negotiation process, the method was to be essentially bilateral and differentiated according to the ambitions and capabilities of the individual partner states. This has translated into the drawing up of Action Plans for each partner state, whose structure was derived from the standard agenda of the accession negotiation process. This meant a comprehensive set of chapters, covering in the first place the Copenhagen political criteria for democracy and human rights, going on to cover the subjects of the ‘acquis’, i.e. European Union norms for the four freedoms of movement of goods, services, capital and labour, further extended with the law of the single market policy, and sector policies that have significant legal or financial content. The table lists the chapters of the bilateral Action Plans, taking the example of Jordan. There are differences in the precise agenda for each partner state, but the general structure is the same for all. There are in the case of Jordan 38 chapter headings, which further break down into 260 bulleted action points or programmes.

While this huge list of desiderata is a modified transplant of the accession negotiation agenda, it is a political principle of the process that these are jointly agreed and jointly owned agendas. Looking at some of the details of the bul-
leted action points it is evident that the standard agenda has been screened by the partner state, so as to import references to relevant national policies and plans. Where there is an identifiable national policy the reference is made. Where this is not the case there is either a general recipe of reform in the direction of conventional thinking (e.g. Washington consensus doctrine) or alignment on European Union norms. Given the virtually encyclopaedic agenda, the degree of specification of many of the bulleted action points is short and banal, such as:

“Continue progress with the privatisation programme,” or “Strengthen banking regulation and supervision.”

However a main difference with the Barcelona Agreements is the considerable switch in emphasis moving on from vague intention to co-operate to the prescription of harmonisation on European Union norms and standards, or at least converge towards them, such as:

“Establish a binding, uniform definition of state aid compatible with that of the EU”
“Establish a list of priority sectors for Jordan to participate in the EU internal market,”
“Draw up a list of measures for gradual legislative approximation towards the principles of EU legislation in sanitary and phytosanitary food safety domains.”

More precisely the main differences seen in the draft Action Plan (for Jordan) compared to the (1997 Jordanian) Association Agreement are:

• The democracy and human rights agenda is far more developed.
• Co-operation in foreign and security policy and conflict resolution is a new feature.
• In trade policy little is added to the free trade plan set out in the Agreement.
• In the internal market domain a lot of prescriptions for policy reform, development and alignment of European Union standards are introduced in the Action Plan.
• The transport and energy policy domains are much more detailed and specific, also with advocacy of European Union standards or regulatory approaches.
• In the justice and home affairs domain the Action Plan is much more developed, whereas the Agreement went little beyond vague intentions to co-operate.

These developments largely match the evolution of the European Union’s own policy competences since 1997. The Action Plans will be layered on top of the existing Association Agreements, rather than replacing them. There is therefore important material that is not repeated in the Action Plans, for example the free trade timetable of commitments and the general institutional and procedural provisions.

There is no new drafting on the political conditionality, which is carried over from the Association Agreement. This means using the standard formula found in all European Union external association agreements, with linkage between two articles. A first article states the common commitment of the two parties to democracy and human rights and a later one says that if one party fails in its obligations, the other party may take ‘appropriate measures’. This highly diplomatic formulation is generally interpreted to mean that the European Union could withdraw advantages under the agreement (e.g. trade or aid) in the event of serious default over political commitments and in an extreme case suspend the Agreement. However this has never been done in the history of the Barcelona Process.

An effort is made in the Action Plan to open up perspectives for an ongoing dynamic in the relationship, with a section outlining “New Partnership Perspectives,” which are summarised in the table using the case of Jordan. The idea is to offer perspectives of positive evolution under all headings: trade, market integration, aid, sector policy co-operation and the institutional/contractual relationship. A notable absentee on this list is the perspective for liberalisation on the movement of persons (visas or migration). None of the positive perspectives are defined in operational or legally binding terms. This means that the whole issue of incentives and conditionality is left hanging in the air.

**Sequencing of Democratic versus Economic Reforms**

The European Union policy vis-à-vis Central and Eastern Europe has favoured the simultaneous promotion of political and economic liberalisation across the whole region. In the Western Balkans, the European Union has so far concentrated in the first place on state consolidation and institution-building – a third layer of problems superimposed on the initial political and economic conditions in the region. But because the Western Balkan countries are headed towards full EU membership, the recipe of double transition with incremental improvements on both political and economic governance will be applied.

The European Union faces a completely different task vis-à-vis its Southern neighbours, the Arab states of the Mediterranean. So far the European Union policy has been a textbook example of seeking to promote modernization through economic means, as Barcelona gave precedence to economic reform. Following in this tradition the first and most obvious candidate for being a ‘driver’ is the proposal in the Action Plan to bring the partner states closer to the European Union internal market. A recent study published under the World Bank/European Commission programme, regarding Mediterranean economic infrastructure, develops this proposition in some depth and rather convincingly. According to this study, the potential benefits for the Mediterranean partner states offered by free trade (which is already programmed) are

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rather modest by comparison with what could be achieved by policy reforms and competitive private sector development in the area of ‘backbone services’, such as transport, logistics, financial services, telecommunications and electricity, as well as other service sectors that can profit from proximity to the European Union market, such as tourism, IT services, business and professional services and distribution. All these services also have to become competitive to give manufacturing and agricultural production sectors a chance to profit from their potential comparative advantage (due to proximity and cheap labour) in relation to the European Union market. Moreover the vision of broader political-economic integration with the European Union could in principle help overcome interest group obstacles to reforming microeconomic policies. The first merit of the Action Plans is, therefore, that it opens up this perspective.

Stimulating political reforms of the authoritarian regimes in the South has not received the same policy attention as it did in the case of the former communist dictatorships. A second candidate for the European Union’s role as ‘driver’ is in the field of democracy and human rights. This is displayed in the Action Plans in the considerable detail given to these political governance issues, compared to the previous agreements. Indeed, as Table 8 illustrates, progress towards democracy has been virtually zero. However the Action Plans, being jointly agreed with the partner state governments, are unsurprisingly careful and cautious. Wholesale adoption of the Copenhagen political criteria, as for European Union accession candidates, is not the model. Rather, the Action Plans are identifying those elements in the existing reform agendas of the partner states that have at least a partial fit with the Copenhagen criteria. Thus, Jordan undertakes to implement its ‘Judicial Upgrading Strategy’, and its ‘Higher Media Council’, etc. Progressive, partial and controllable political reform is the name of the game. Whether this will succeed in setting in motion broader democratic dynamics remains to be seen.

While the economies of the Southern neighbours have functioned according to market principles for some time, most have inadequate regulatory frameworks for a modern competitive economy. A comparison between the European Union accession countries from Central and Eastern Europe (8 of whom are already European Union members) and the MEDA countries with regard to their score on a synthetic indicator for governance constructed by the World Bank suggests that the Southern neighbours fall behind in terms of structural and institutional reform underpinning the success of the advanced economies nowadays (see graphic 12).

In any case the time seems now to have come for a recalibration of European Union policies in the area of democratization. Even without demanding full compliance with the Copenhagen political criteria, the European Union could strengthen the democracy emphasis in its relations with the Southern neighbours through:

- willingness to raise issues of human rights and questions of adequate democratization strategies more forcefully in political dialogue;
- finer and more coherent application of MEDA aid projects and programmes for improvement of human rights protection, governance and civil society development. In the context of structural adjustment, greater thought could be given to the conditioning of budgetary support to the partner’s respect for human rights in its policies and systematic practice;
- engagement with moderate, non-violent Islamist parties where these have evident mass support in the partner states. Where these parties are excluded from participation in official political institutions of electoral democracy, the European Union may have to promote ‘track 2’ activity with academics, think tanks and NGOs to connect with the ‘hearts and minds’ of moderate Islam.

Conclusions

On the Barcelona Process, our assessment is that it has been a valuable systemic/institutional advance in Euromed relations and a valuable confidence-building measure on a large scale. But it has not been a sufficient driving force to have created a momentum of economic, political and social advance in the partner states. Nor is it evident which might have been the potential domestic drivers of change with which the incentives of the Barcelona Process might in recent years have connected with greater effect. It is therefore quite plausible that the European Union should seek some new advance – through the ENP – to build on the positive features of Barcelona and so try to introduce some new driving force.

The Action Plans currently being adopted point to a way ahead. In essence these are proposing to replace many of the vague intentions in the Association Agreements of the Barcelona Process with another very extensive set of policy prescriptions. The particularity of the Action Plans is that they seek to make these prescriptions more operational by linking them either to domestic policy programmes of the partner state or to European Union policy norms and standards as an external anchor.

The major outstanding questions concern the mechanisms for setting these

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comprehensive Action Plans into real motion, rather than relapse into token diplomacy. This involves two main issues: first is how the Action Plans are to be worked out in operational detail. Some items, like trade policy, can be worked out in the course of direct negotiations between the two parties. However, for the larger part, the substance relates to internal policies of the partner state, and here the European Union would do well to join forces with the World Bank, which has huge expertise that can be used to define sector reform plans of key sectors, such as financial services, transport and energy. The Commission and World Bank have experience in working together, notably in Central, and South-Eastern Europe in the context of European Union enlargement and the Balkan Stability Pact.

Second, is how far the European Union may now be willing to go in introducing some meaningful conditionality in relation to the economic and political incentives it can offer. In the economic domain there is an obvious opportunity to achieve synergy between three main actors – the Commission, the European Investment Bank (EIB) and the World Bank. The EIB has not so far tried to link its investment financing activities to economic policies being pursued in sectors concerned by its investments, even though it is the largest investment financier in the region. But with the Commission and World Bank hopefully collaborating to define sector policy recommendations, there is an obvious opportunity for the EIB to associate its operations with these recommendations as part of the conditions for its investment decisions.

On the familiar issue of sequencing or relative prioritisation of economic versus political reform efforts, it looks plausible that pro-democracy efforts should receive a stronger emphasis under ENP compared to the Barcelona Process so far. The European Union is well positioned to help set in motion an important dynamic in market reform areas, linked to its own internal market policies.

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**Total Average**

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**Note:** Country Status: 1 to 2.5 – Free, 3 to 5 – Partly Free, 5.5 to 7 – Not Free.

**Source:** http://www.freedomhouse.org/ratings/allscore04.xls

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**GRAPHIC 12**

Governance in the EU Neighbourhood

Accession Countries

Ukraine, Russia, Moldova, Belarus, Georgia, Azerbaijan, Armenia, West Bank/Gaza, Tunisia, Syria, Morocco, Libya, Lebanon, Jordan, Israel, Algeria, Egypt, Israel

**Source:** 2003 WB Governance Indicators.

**Legend:** The indicator is an average of the score for 6 indicators developed by the WB: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption.

The Euro-Mediterranean Summit of Heads of State and the European Commission should reinforce consultation with the private sector, in order to be able to launch with all the necessary authority a new strategic phase for the Euro-Mediterranean Process.

The financial perspectives 2007-2013 are an opportunity to achieve better financial support from the EU in the framework of the Neighbourhood Policy and to take stock of the results obtained by the MEDA programme since its launch. There is also a need to define new and more effective instruments. On this point, UMCE and UNICE urged the European Commission to prepare and publish a detailed report, evaluating the results obtained by MEDA, which can serve as a basis for debate on changes to transform it into an instrument that genuinely facilitates Euro-Mediterranean economic integration.

Promotion of investments should become a top priority. Therefore, transfers of technology and know-how, as well as increased productivity would be logical consequences of facilitating investment promotion.

The need for greater flexibility for the mentioned financial instruments and procedures is a cornerstone. For instance, the European Commission and EIB’s FEMIP, coupled with bilateral funds and programmes, should make available to potential investors an integrated package of advisory and financial services, grants and loans, escaping from a bureaucratic logic and putting in place instruments which meet market needs. Finally, promoting private investment to increase the attractiveness of Southern Mediterranean countries will constitute one of the main conditions for their economic expansion. Strong involvement of the private sector is a sine qua non for the success of the Euro-Mediterranean project. Successful experience with the projects successively managed by UNICE and UMCE, shows that the private sector can be trusted to facilitate Euro-Mediterranean integration on the ground and to strengthen sectoral and local organisations, which provide day-to-day assistance to their associate companies. Hence, using the expertise of the private sector can be used to good effect, such as for making a success of integrated investment promotion programmes in the partner countries.

Finally, UNICE and UMCE welcomed the Euro-Mediterranean Charter for Enterprise as an instrument for promoting corporate competitiveness and setting objectives for enterprise policy in Southern Mediterranean Countries. In their opinion, the success of the Charter depends on its effective implementation. To that end, it is essential to carry out a regular assessment of the results, using the most quantifiable indicators possible.