

# Only Common Policies Can Lend the Mediterranean Region Strategic Ambition

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If we leave aside the – redoubtable – political aspects to concentrate only on the economic sphere, the main reason for the poor results of the Euro-Mediterranean Partnership is that it has not managed to choose between superficial regional integration (free trade) and in-depth integration (regulatory convergence and productive partnership). The second Union for the Mediterranean Summit should clear up the strategic option for the Mediterranean Region, which will otherwise remain forever irresolute. Based on the propositions of the Institut de Prospective Economique du monde Méditerranéen (IPEMED 2010), the present article advocates the need to opt for common Euro-Mediterranean policies. Only they can lend the same ambitious spirit of regional integration as that prevailing in European integration half a century ago (Section 1). Ambitious and remote though they may seem, the common policies advocated herein establish a strategic framework indispensable for lending the different projects meaning (Section 2).

## Superficial or In-Depth Regional Integration?

### *A Region Devoid of Strategy*

The strategic objective of regional Euro-Mediterranean integration is not clear. We do have a general goal, that of creating an area of prosperity and peace. But more precisely? The “four freedoms” established by the European Neighbourhood Policy (ENP) constitute such a remote goal that they could hardly be

called a strategy. Moreover, the variety of political situations of the South and East Mediterranean Countries (SEMCs) insofar as their relations with the EU (Turkey’s process of accession, Morocco’s advanced status, Libya’s wait-and-see attitude if not outright hostility, near assistance for the Palestinian Territories, diversity of partnership levels for other countries) contributes to the sensation that regional actors proceed more according to pragmatism guided by circumstances than on the basis of a strategic vision. Should prosperity effectively come from market expansion through free trade? In other words, should the countries in the region be considered as trade partners like any others in the vast global market? Or on the contrary, should North and South Mediterranean areas play the card of a preferential strategy, because they constitute a region and the new canon of globalisation has revealed the increasing importance of large regions? In this case, what should the driving force behind this integration be: security (military, police or energy-related); economic growth (which would involve lending priority to facilitating Foreign Direct Investment or FDI, the lowering of tariff and non-tariff barriers and the opening of public markets); sustainable development (which would entail promoting common goals in non-carbon-based energy, principles of governance relating to water services and the preservation of natural resources); or territorial integration (which would involve lending priority to the *acquis communautaire* and regional interconnection involving transport, gas and electricity distribution, telecommunications, recognition of academic qualifications)?

The problem is that the players have never decided among all of these objectives, and that the different Euro-Mediterranean policies have been attempting to do everything at once, resulting in a variegated assortment. Hence the goals are simultaneously: free trade, bringing the SEMC ministries up to standard,

motorways of the sea, moving towards an integrated gas and electricity market, the Mediterranean Solar Plan, cooperating on readmission of irregular migrants, reiterated promises of doing everything possible to settle the Israeli-Palestinian conflict... This does not constitute a strategy.

There have, however, been two strategic analyses: one giving prominence to the notion of European region (the Barcelona Process in 1995 and the ENP in 2004); and the other stating that the political framework of regional governance is a key issue that should be the starting point, and that the framework should be one of parity (instead of dissymmetry between the EU and its South Mediterranean Partners) and at the level of heads of State (and no longer that of civil servants). The latter strategic analysis represented a turning point in 2008, that of the transition from the Euro-Mediterranean Partnership to the Union for the Mediterranean. This transition was, in fact, fundamental. However, a political framework, necessary though it may be, does not constitute content.

### **The problem is that the different Euro-Mediterranean policies have been attempting to do everything at once, resulting in a variegated assortment. This does not constitute a strategy**

What seems to have motivated the EU's strategy of moving towards the CEECs was a fear of Russia. Quick action was necessary after the fall of the Berlin Wall, with a general will for convergence between the CEECs and the EU. Such a threat does not exist to the south. What about Muslim fundamentalism? It is diffuse, rather in decline, and when an Islamist party has come to power, as in Turkey, cooperation with the EU has been strengthened. US hegemony? It is also in decline, though certain Maghreb countries are establishing closer ties with the USA, partially to spite Europe. Major emerging countries? China has established itself in the SEMCs but not without difficulty vis-à-vis the local labour force (Algeria), Brazilian agricultural products are taking greater and greater shares of Arabic markets (7% of Algeria's agricultural imports, 9% of those of Egypt and 10% of Morocco's, cf. Abis & Nardone 2009) but not yet to the point of outstripping European exporters. In

any case, the weakness of EU strategy in the Mediterranean Region leads the SEMCs to look to other trade partners. The Forum of Euro-Mediterranean Economic Institutes (FEMISE) has demonstrated the rapid decline of trade integration between Europe and the SEMCs over the course of the last decade (in particular in the Mashreq, but not exclusively, Galal & Reiffers 2009).

IPEMED estimates that this diversity of possible choices and potential geo-economic strategies is an illusion. Our analysis shows that regional integration is a fundamental aspect of contemporary economy (Beckouche & Guigou 2007) and that it is urgent to establish a strategy for the Mediterranean Region. Not an exclusive one, at the expense of trade with other parts of the world, but a preferential one. Otherwise, the Mediterranean's lag behind the two other North-South regions (i.e. NAFTA and ASEAN+3) insofar as integration will continue to increase.

#### *Comparing the Euro-Mediterranean to Its Parallels: NAFTA and East Asia*

To conceive of the Mediterranean Region, it is necessary to view it from a distance, to get away from the obsessive one-on-one debate between EU and Arabic-Muslim countries and compare the region to that which it is comparable. Concerning North America (to which international investors consider Mexico to belong), it would be wrong to believe that the North American Free Trade Agreement (NAFTA) is limited to superficial integration associating free trade, the security of US investments and migratory control. For after focussing on investment and trade, NAFTA is now increasingly involving agreements on environmental protection, health and even workers' rights. Launched in 2005, the Security and Prosperity Partnership of North America (SPP) concerns energy, transport, e-commerce and migration. We often dwell on the Rio Grande wall, but we forget that two million Mexicans cross the border to the US legally every day, and that, if we take into account illegal immigrants as well, there are proportionally four times less people from South Mediterranean Countries living in Western Europe than Mexicans living in the US (Beckouche 2008). Beyond NAFTA, Barack Obama's address at the Fifth Summit of the Americas last year in Trinidad and Tobago could even contribute to relaunching the project for North-South American integration. In East Asia, the Association of Southeast Asian Nations plus Japan, China and South Korea (ASEAN+3)

signals a major turnaround in Japanese economic diplomacy after the Asian financial crisis in 1998, as well as the involvement of China in regional economic integration. The so-called Chiang Mai Initiative resulted in the deposit of 120 billion dollars into a regional foreign exchange reserve pool to stave off any currency shortage; after ten years, the countries in the region, already interconnected through the transnational networks of Japanese firms, entered a more institutional phase by multiplying free trade agreements, the latest signed on 1 January 2010 and associating China with ASEAN. Regional working groups are multiplying in the spheres of environment, tourism, mobility and so on. Hence, in East Asia as in North America, regional integration can rightly be said to occur on the basis of free trade agreements, but it is an in-depth integration that is being built, that is, one that involves a convergence of technical and commercial regulations and the progressively increasing practice of working together.

IPEMED is in favour of in-depth Euro-Mediterranean integration. The transition from the Barcelona Process to the Union for the Mediterranean obliges one to consider the term “union” with ambition. Yet it still remains to be stated what this union should consist of, whether norms, common policies, means of regulation or even possible regional commercial preferences. If we take the term “union” seriously and envisage the same level of ambition towards regional integration for the Mediterranean Region as Europe has demonstrated over the past fifty years, we should not hesitate to envisage the same forms of regional supranationality as invented by Europe. In this perspective, the projects and common policies that EU countries and the SEMCs would be obliged to implement would take on a completely different dynamic, although we need never attain the stage of supranationality. As with Turkey’s process of accession to the EU, it is the dynamic that counts, and this dynamic depends on the initial level of strategic ambition. No-one knows yet whether Turkey will one day become an EU Member State or not, but it is this perspective that stimulates its modernisation and convergence with Europe; this is the same type of mechanism that should be triggered through the Union for the Mediterranean.

#### *Envisaging Common Norms, Policies and Regulations from the Start*

With regard to norms, what has been achieved thanks to Barcelona is convergence in the macroeconomic

sphere (debt, deficit, inflation, dismantling of state control). What is underway is a certain convergence of norms in the energy sphere, whether on the technical level (the Mediterranean Electricity Ring), or on the commercial one (projected integration of gas and electricity markets, possible purchase by the EU of non-carbon-based kilowatt hours produced in the South through the Mediterranean Solar Plan). However, there are no norms common to both shores yet with regard to objectives for renewable energy in primary energy consumption.

Other strategic sectors remain largely untouched by such convergence of norms. This is the case first and foremost with agriculture, whence the irritating matter of non-tariff barriers protecting EU markets from South Mediterranean products, as well as the difficulty that both North and South have in promoting common “Mediterranean” quality labels on world markets. By the same token, there has been little convergence in the sphere of access to potable water and sanitation (despite the numerous conventions, declarations and commissions over the past thirty years!), and the key question of whether it is desirable and feasible to determine international Euro-Mediterranean norms in such a local sphere on the hydrological and social levels remains. Little convergence has been registered either in the financial sphere: there is no Euro-Mediterranean financial area yet, despite recent legislative and regulatory progress in the SEMCs regarding investment security, authorisation of Public-Private Partnerships (PPPs) and international cooperation among financial markets. And finally, the key sphere of mobility also registered little convergence, whether with regard to university degree recognition, compatibility of professional training standards or movement of professionals. With regard to this latter point, IPEMED considers that the free movement of people and integration of the SEMCs into the Schengen Area should be adopted as a strategic objective.

If such objectives and norms were established, one could envision progressing from the juxtaposition of a few emblematic projects to the adoption of real common policies, and going from the current situation of bureaucratic steering to real regulations. Just as Europe was built through several common policies corresponding to the imperatives of the time (on coal and steel to equalize war industries and on agriculture to regain food self-sufficiency), the Mediterranean needs common policies in order to deal jointly with the SEMC food insecurity, ensure the

energy supply and transition, lend everyone access to potable water and sanitation, and release the brakes on mobility.

The means of ensuring the regulation of these policies should be discussed from the present, even if we know that the period required before implementation is effective could be long. Wasn't this the case between the Hague Congress in May of 1948 and the effective implementation of common European policies? It was 1970 before the Common Agricultural Policy (CAP) was fully operative! And so, let us first consider whether supranational agencies would be opportune, as they could at first serve as enforcing agencies for the UfM General Secretariat, to later become common supranational institutions for those countries agreeing to transfer some of their sovereignty. The international financial crisis, the failures of global bilateralism (Doha Round) and the need for regulation of environmental issues, namely in the Mediterranean Region, demand regional international regulations; not in order to substitute hesitant global regulations, but to complement and support them.

## Considering the interdependence between North and South in such a strategic sphere, energy could certainly be the most reasonably conceivable common Euro-Mediterranean policy

Finally, as a principle and from the start, we should establish that such policies and regulation should be developed via dialogue among government authorities, NGOs and enterprise in the sectors in question. If we are willing to admit that the absence of a trans-Mediterranean productive system is the essential difference between the EU and the dynamism of NAFTA and East Asian integration, we must draw conclusions and establish instruments of dialogue among the three spheres of government policymaking, expertise (universities, NGOs, etc.) and enterprise.

### The Choice of Common Policies

Four common policies would seem necessary to lend the different projects multiplying in the region mean-

ing in the long term. Four is twice as many as the common policies that allowed European integration to get under way; but the urgency is also certainly twice as great in the Mediterranean Region than in Europe fifty years ago.

### *A Desirable, Feasible Common Energy Policy*

Energy is the sphere in which concrete cooperation has been greatest. For the time being, major commercial contracts have not issued from industrial accords; mistrust remains high between producing and consuming countries, even in the South-South direction; we are still far from accomplishing the ambitions declared at the onset of the Barcelona Process. But considering the interdependence between North and South in such a strategic sphere, energy could certainly be the most reasonably conceivable common Euro-Mediterranean policy.

Six conditions for this: (i) long-term contracts (in particular those relating to gas, which would involve withstanding the pressure from the Directorate General for Competition) ensuring both purchases and sales, for sustainable cooperation can never be based on hyper-variable prices; (ii) moving from a purely commercial partnership to a technological and industrial partnership with producing countries in order to facilitate transnational participation agreements, foster the production in the South of equipment for thermo solar power plants, etc.; (iii) more ambitious objectives for the *entire* Euro-Mediterranean Region and not only for the European Union insofar as non-carbon-based energy, including a regional plan for developing nuclear power in the SEMCs; (iv) a more central role for operators in defining these projects; (v) the establishment of joint financing tools for energy; and the last one, certainly the most important, (vi) since a real European energy policy does not yet exist, since there is no international institution associating energy-consuming and energy-producing countries and since the SEMCs and the EU are strategic partners in this sphere, the idea would be to propose a common framework for strategy and action in the field of energy for those Euro-Mediterranean countries so wishing. This would mean associating the SEMCs with EU energy strategies from the start of considerations, expanding EU cooperation to these countries in the purchase of gas (Algeria's strategic position being much more compatible with EU interests than that of Russia), and jointly developing a master plan for trans-Mediterranean and South-South "energy motorways."

## *Food Security, the First Component of a Euro-Mediterranean Common Agricultural Policy?*

The interrelatedness of agriculture and climate, the cooperation necessary to handle the region's environmental issues (in particular water and soil) and the opportunity to gain a share in world markets for Mediterranean agricultural products from both shores should suffice as grounds for establishing a common policy. The situation is not ripe enough for a Euro-Mediterranean common agricultural policy, but we can move towards it through an essential operational objective: food security. The SEMCs comprise the area of the world that will be the most deficient in terms of agrifood commerce over the coming decades. Two strategic responses are possible: either (i) the Europeans will take the opportunity to export products to their southern neighbours, attempting to take a greater lead over American and Asian competitors; or (ii) they will realize that the only sustainable partnership consists of contributing to the development of agricultural sectors in the SEMCs.

IPEMED takes the second perspective. This implies promoting the Mediterranean diet; working jointly to modernise the sectors in the South that are integrated in the local territory and could benefit from a modernised institutional framework and a structure for technical and organisational savoir-faire transfer, as the European Union succeeded in doing with the CEECs; making EU quality, phytosanitary and traceability standards mutual in order to allow the elimination of non-tariff barriers to entry onto European markets; and finally, establishing regional food sovereignty by trading off supply guarantees for market outlet guarantees.

The period of revision of the CAP now beginning is an exceptional occasion for launching this strategic goal through instruments that have proven their effectiveness in Europe: common market organisations, trade preferences extended to cover the Euro-Mediterranean Region, the promotion of Geographical Indications from the South, and finally, medium-term supply contracts between the EU and the SEMCs and a collective safety stock jointly financed by the countries in the region.

### *Water and Sanitation: Going from Local Problems to Regional Policy*

Without even taking into account the impact of global warming, the Mediterranean Region already has wa-

ter and sanitation access problems that could lead to real water conflicts. Hence, water can become the cornerstone of a high-level economic sector and international cooperation would contribute to making the Mediterranean an "eco-region" leader on the international stage. The priorities are well known: water demand management and efficiency in use; improvement of local and national governance, above all in the SEMCs; an economically pertinent and socially just rate system; legal and financial security for investment to facilitate PPPs, in particular in the sphere of sanitation.

Water management norms are becoming increasingly generalised throughout the Mediterranean Region, but often only in theory: the imperative is to put them into action. With regard to Europe, the EU Framework Directive on water (from the year 2000) constitutes the main element of regulation, and the declaration of the EU Ministerial Conference of 22 March 2010 demonstrates the EU's desire to confer greater value to water access. With regard to the SEMCs, they are experiencing convergence insofar as national legal frameworks concerning the greater governance transparency, inter-ministerial coordination, water rates, the facilitation of PPPs, the struggle against water loss in the supply system and management by basin. Water actors in the region are ready for a new stage of Euro-Mediterranean cooperation. There is greater coordination among funding agencies, as demonstrated by the Horizon 2020 initiative launched in 2005 at the instigation of the European Commission and the European Investment Bank (EIB) to clean up the Mediterranean Sea.

## **Water can become the cornerstone of a high-level economic sector and international cooperation would contribute to making the Mediterranean an "eco-region" leader on the international stage**

However, the Mediterranean Water Strategy project, relaunched at the Ministerial Conference in Jordan in December 2008, is not advancing. An Agency is needed to increase and coordinate the dispersed, weak means available to the various NGOs and institutions dedicated to water in the Mediterranean Basin. A sec-

ond condition would be for this Mediterranean Water Agency to be based on a Charter recalling the common principles of the Strategy, whose respect would be a condition for the financing of projects by international financing institutions – the notion of conditionality in the release of funds being much more acceptable to regional actors than one would believe. As a third condition, this Agency would have to be operated by public and private *professionals* based in the different hydrographical basins and cities, even if this entails setting up a “Euro-Mediterranean Water Council” with representatives from the different States to orient the Agency. In time, why not imagine this Agency as going beyond simply evaluating projects submitted to the UfM to become a decision-making body itself?

#### *A “Migratory European Coal and Steel Community”*

There are six reasons why movement of people should constitute one of the common Euro-Mediterranean policies: (i) the complimentary nature of population age structures between North and South – even if the argument is actually much less determining than is often believed; (ii) the constant need for adjusting labour markets among countries in the region through mobility; (iii) the need for movement by businesspeople, who are increasingly numerous and diversified; (iv) international competition to attract qualified migrants, who are increasingly leaving the region; (v) the community of interest on both shores concerned with the management of regular and irregular migration; (vi) the cultural specificity of regional Euro-Mediterranean integration, which has led to a melting pot that is a historical legacy and a strategic necessity. In the Mediterranean Region, we cannot simply tell the regional population, “We want a union, but let everyone remain in their own territory.”

A common policy (a “migratory ECSC,” to use the terms of the Young Mediterranean Leaders) based on the co-responsibility of States and their full liberty to participate should have the objective of progressively establishing the free movement of people within the UfM area. It would begin by facilitating movement for an increasing number of professionals, would grant professionals qualifying as “high human capital” (businesspeople, the university community, artists and so on) a free-movement passport, would then expand to allow free movement to the general population among countries so agreeing, to culminate in the extension of the Schengen Area to include the SEMCs.

A Euro-Mediterranean Migration Agency (EMA) would

be the tool for effecting this policy. It would coordinate policies regulating and controlling migration; struggle against the informal economy, which is humanly degrading as well as a fiscal weight for States; provide information on temporary employment programmes for migrant workers; facilitate the mobility of young senior-level professionals (North-South and South-South); promote flow of qualified workers into the region and regulate it in order to prevent “brain drain”; organise flows required by the knowledge economy, and in particular (finally!) launch the Euromed Erasmus, a project that has enjoyed the consensus of all involved for a long time. Financing would be secured through quotas by willing States, as well as through a contribution that could be defined in proportion to the number of qualified workers from the SEMCs hosted by each country. In its first stage, the Agency would be subject to the arbitration of the UfM heads of government; in its second stage, having become a “High Authority,” it would act by virtue of the transfer of sovereignty granted it.

These options would have the merit of being clear and establishing a framework for cooperation and projects; and they would represent the choice of in-depth integration. We are not soothsayers: no-one can say whether the entry of these common policies into force would take years or decades. But it is in the hands of the Euro-Mediterranean actors to establish the objectives they wish for their region.

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