



## The Euro-Mediterranean partnership

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# The Euro-Mediterranean partnership

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Mr President,  
Your Excellencies the Ministers,  
Ladies and Gentlemen,

The International Centre for Advanced Mediterranean Studies—whose action is supported by the Commission—makes a significant contribution to the objectives of the Euro-Mediterranean partnership. It achieves this both through its fundamental work and also—not the least of its merits—through dialogue and personal links established between the participants on both shores of the Mediterranean.

I am therefore pleased and honoured to talk about the Euro-Mediterranean partnership in a paper written on a personal basis and which keeps to the outlines of the subject.

The collapse of communism and the globalisation process in the world economy that is accompanied by the forming of large regional economic ensembles have meant that the European Union is confronted with a new context and new challenges. It has responded by strengthening its external relations. For the first time, it has defined two clear strategic priorities. These are Central and Eastern Europe and the Mediterranean region and are based on the concept of balance and of parallelism between its close neighbours to the east and the south.

The objective with regard to the Central and Eastern European countries is to ensure that they join the European Union. The strategy with regard to the Mediterranean partners is aimed at developing relations of close association at the political, economic, social and cultural levels and to incorporate them in the European economic centre by the progressive establishment of a Euro-Mediterranean free trade zone at the horizon 2010.

The Barcelona Declaration, which launched the partnership in November 1995, marked the beginning of an entirely new era in relations between the EU and its Mediterranean partners. These relations have now acquired the global dimension that is essential for facing common challenges.

The partnership is based on two fundamental principles:

- an area of peace, stability and security in the Mediterranean can only be established with promotion of the growth and the economic and social development of our partners;
- the partnership can only succeed if it is accompanied by true dialogue based on equality and mutual respect. It no longer consists of traditional donor-beneficiary relations. The partnership is a joint responsibility.

It is founded on three pillars formed by the three main objectives assigned to it in the Barcelona Declaration:

- the definition of a common area of peace and security: this is political and security dialogue;
- the creation of a zone of shared prosperity: this is an economic and financial partnership;
- the rapprochement of peoples; this is the cultural, social and human dimension.

The partnership is implemented in two complementary ways:

- the negotiation of new bilateral association agreements;
- the multilateral framework within which problems of common interest are handled and regional projects decided. The setting up of regular regional dialogue between Europe and its 12 Mediterranean partners is without a doubt the most innovative aspect of the partnership.

Although they are separate, the Barcelona process and the Middle East peace process have a complementary dimension.

The partnership can contribute to the peace process. Thus, the Association Agreement signed in February 1997 made the Palestinians full members of the partnership and the European Union alone provides 53% of the international financial aid awarded to the Palestinians. A viable Palestinian economy is one of the necessary conditions for the establishment of peace.

The crisis in the peace process has undoubtedly had negative effects on the implementation of the partnership, especially with regard to the political and security component. However, it should be stressed that in spite of this difficult political context, Barcelona was the only forum at which all the players in the region continued to work constructively.

I shall now discuss the three components of the partnership.

## I – The political and security dialogue

The Barcelona Declaration set a number of principles and undertakings that the parties agreed to promote within the framework of regular discussions.

Discussion concerns *firstly* the promotion of democratic principles and the fundamental rights of man whose respect forms the basis of the partnership. Dialogue is mainly within the framework of the bilateral agreements that contain a clause that makes the respect of these values one of their essential components. This clause did not form part of the previous accords.

The discussion *secondly* concerns everything related to questions of security and good neighbourly relations, including the prospect of a peace and security charter that can only be conceived in a medium term basis, as peace is a prerequisite. Discussion of these subjects is performed within the multilateral framework. It is aimed in priority at establishing confidence-building measures, some of which are already operational (establishment of a network of political and security correspondents and a network of European and Mediterranean foreign policy institutes and the ongoing design of a pilot system for the prevention and management of catastrophes of natural and human origin).

Finally, co-operation also covers the combating of terrorism, organised crime and illegal trafficking.

## II – Economic and financial partnership

Economic and financial co-operation—the keystone of the partnership—is aimed at combating economic and social instability in the Mediterranean region.

The difference in income between Europe and the Mediterranean countries is currently 1:12 and will increase to 1:20 in 2010 if no measures are taken to support the economic development of our partners, whose population of 220 million in 1995 will exceed 300 million in 2010.

An accelerated, sustainable growth process must therefore be initiated.

Our partners are faced with the consequences of irreversible globalisation of the world economy. Most are involved, at different stages, in a process of reform and opening of their economy.

The economic and financial partnership implements a global strategy approved at Barcelona aimed at helping our partners to adapt. The strategy is based on considerable technical and financial assistance from the European Union.

**Three major objectives are pursued:**

### **1. The progressive installation by 2010 of a Euro-Mediterranean free trade zone**

The first stage consists of establishing free trade in relations between the EU and each of its partners within the framework of the negotiation of the new association agreements according to the following pattern:

- the establishment of free trade will be performed in conformity with the provisions of the WTO for a transition period that can last for a maximum of 12 years from the date of the coming into force of the agreement;
- our partners' industry—which already benefits from free access to the EU market by virtue of previous agreements—will thus gradually open to European competition during the transition period;
- the gradual liberalisation in trade in agricultural products will be implemented through preference market access on a reciprocal basis, starting from traditional trade movements. It is true that our partners are disappointed by the Community's room for manoeuvre for improving its previous concessions. The sensitivity of the agricultural sector in the EU is well known, especially for certain produce. This is why it is planned to negotiate greater liberalisation 5 years after the agreement comes into force.

I shall not go into the details of the various Association Agreements that cover all the aspects of the partnership and that match the specificity and needs of each of the partners. Five agreements have been signed with Tunisia, Israel (confirming the free trade arrangement started in 1989), Morocco, the Palestinians and Jordan. Negotiations are continuing with Egypt, the Lebanon, Syria and Algeria.

The cases of Cyprus, Malta and Turkey are different. These countries are associated with the EU on the basis of a customs union which, for Turkey, has been in force since the beginning of 1996.

The second stage for our partners will consist of negotiating the establishment of free trade between each other in order to develop intra-regional trade, which still forms only 5% of their foreign trade. Indeed, there are complementary features that can be exploited and the process should therefore be undertaken progressively and as soon as possible. The cumulated origins will also enhance south-south trade.

The Euro-Mediterranean area will give governments and economic operators a clear, long-term prospect, will stimulate trade and encourage economic operators to favour the region for their investments.

However, free trade is also a major challenge for our partners but where they will not be alone. A series of support measures will be implemented within the framework of financial co-operation.

### **2. Support for economic transition and development of the private sector**

The Mediterranean countries must make considerable efforts to adapt to form part of the Euro-Mediterranean area and then of the world economy. The countries whose economies benefit from strong protection or that are still dominated by public enterprises will be confronted with the most difficult challenge.

The dynamisation of the private sector is of capital importance for it to be able to open up to competition and to provide the growing population of the region with the jobs, goods and services that it needs. In a globalised economy, the future of the economies in the region will depend mainly on their performances in industry, service and know-how.

### **3. Dynamisation of private, national and foreign investment where the flow has dried up in recent years**

The inflow of private capital and the accompanying transfer of know-how and technology are decisive factors in economic development.

The EU is placing substantially increased financial assistance at the disposal of the Euro-Mediterranean partnership. Aid (donations) for the period 1995-1999 totals ECU 4,685 million, plus a similar amount in loans from the European Development Bank. In all, approximately ECU 2 thousand million is available annually. This is 50% more than the preceding 5-year period.

More than 70% of the grant money, i.e. ECU 3,475 million, is awarded to the MEDA programme, the instrument for the support of the economic transition and the counterpart of the PHARE programme for the central and eastern European countries.

An important innovation has been introduced in comparison with the former financial protocols in which each partner had a set budget. There is now an element of competitiveness between the partners, with aid benefiting more the countries that make the most progress in economic modernisation.

The commitment appropriations in the budgets for 1995, 1996 and 1997 (ECU 1,557 million) were used entirely. The rate of actual payments, depending on the nature of the projects, approached 27% (ECU 417 million).

Four main types of operation have been funded by the programme:

- support for structural adjustment: 14% of the total;
- support for economic transition, dynamisation of the private sector and investment: 27% of total;
- reducing the social cost of reforms and taking the needs of the most underprivileged persons into account (rural development, basic health protection, teaching, potable water and sewage disposal, etc.): 46% of the total;
- regional projects: 14% of the total. This is an occasion to observe the importance of the regional dimension, especially to promote a spirit of co-operation between the Mediterranean partners.

Thanks to the economic and financial partnership, the economic transition process will take place within an organised framework. It will be possible to make the most of opportunities and remedy negative economic and social effects.

However, it is important to stress that whatever the scale of EU technical and financial assistance, it can only act as a catalyst. It will only have an effect if it can be based on political determination and the efforts made by the Mediterranean partners to modernise. The implementation of the reforms is their responsibility.

The project gambles on the ability of Mediterranean governments and societies to take up the challenge of modernisation.

Any gamble carries a risk. However, apart from letting our partners become even more marginalised, is there a viable alternative?

### III – The social, human and cultural dimension

The third pillar of the partnership is aimed at enhancing understanding between cultures and bringing civil societies closer to each other. It is a particularly innovative component of the partnership.

The Euro-Mediterranean area includes peoples with different traditions, cultures and civilisations. Three major religions coexist there. Ten million Muslims live in the European Union.

There is too much ignorance, prejudice and intolerance on both sides. An effort is necessary to overcome these barriers and to improve mutual perception. The future of the partnership depends on this to a considerable degree.

This is why great importance was attached at the Barcelona conference to the setting up of dialogue between cultures and between religions.

From the cultural point of view, the actions undertaken are guided by a concern to develop contacts and collaboration between the players in different disciplines. Allow me to mention more particularly, in this beautiful city of Istanbul, the programme for the protection and highlighting the common cultural heritage, in which the European Union has made a contribution to the study of the rehabilitation of the historic centre of Istanbul.

Several conferences attended by religious representatives, historians, philosophers, sociologists and academics have led to the setting up of regular inter-religion dialogue. It is a sensitive field but the deepening of this exchange is essential in order to promote tolerance both within and between our societies.

Finally, another noteworthy development is the essential contribution that civil society can make to the partnership. An effort is being made within the framework of decentralised co-operation to multiply the occasions for meetings and collaboration, especially at the level of local communities, universities and the media.

The Barcelona conference launched an ambitious, large-scale project. Three years later, the partnership has been consolidated and has reached cruising speed. The process is still only at its beginning. It must evolve with time and will certainly face numerous difficulties.

One of its major achievements is the habit of exchange and work in common acquired between all the participants.

The Barcelona conference was not a diplomatic event with no consequences for the future.

