

*Escribano, Gonzalo y Rodríguez, Laura. After partnerships, neighbourhoods and advanced status... Who fears the Union for the Mediterranean?*

## **AFTER PARTNERSHIPS, NEIGHBOURHOODS AND ADVANCED STATUS... WHO FEARS THE UNION FOR THE MEDITERRANEAN?**

## **MÁS ALLÁ DE LOS ACUERDOS DE ASOCIACIÓN, LA POLÍTICA DE VECINDAD Y EL ESTATUTO AVANZADO... ¿QUIÉN TEME A LA UNIÓN POR EL MEDITERRÁNEO?**

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### **ABSTRACT**

The Union for the Mediterranean (UfM) is the current framework for political, economic and cultural relations between the EU and the Mediterranean Partner Countries (MPCs). This article analyses its evolution study, from its inception to its final design, approved in Marseille in 2008. It also addresses the UfM's eventual results, concluding that it is necessary to make a substantial progress in the Euro-Mediterranean relations by adding new relevant incentives to MPC's, while maintaining the spirit of the Barcelona Process.

**KEY WORDS:** Barcelona Process, Unión for the Mediterranean, Mediterranean Partner Countries, EU foreign policy.

**JEL:** F02, F13, F59.

### **RESUMEN**

La Unión por el Mediterráneo (UpM) es el marco actual para las relaciones políticas, económicas y culturales entre la UE y los Países Socios Mediterráneos (PSM). Este artículo analiza su evolución, desde la propuesta inicial hasta su diseño final, aprobado en Marsella en 2008. También analiza los posibles resultados de la UpM, concluyendo que es necesario hacer un progreso sustancial en las relaciones Euro-Mediterráneas, añadiendo nuevos incentivos relevantes para los PSM, preservando el espíritu original del Proceso de Barcelona.

**PALABRAS CLAVES:** Unión Europea, Proceso de Barcelona, Unión por el Mediterráneo, Países Socios Mediterráneos, política exterior de la UE.

## INTRODUCTION

During the last years, the framework of Euro-Mediterranean relations has become increasingly complex. First, the Euro-Mediterranean Partnership (EMP), also known as the Barcelona Process, born out of the 1995 Barcelona Conference and intended to build an area of shared prosperity and stability in the region, including the signing of Euro-mediterranean bilateral Free Trade Areas (FTAs) between the EU and Mediterranean Partner Countries (MPCs). Secondly, in 2003 the EU launched the European Neighbourhood Policy (ENP), aimed at offering those MPCs willing to converge towards EU's internal market legislation a stake in the EU's internal market (Commission of the European Communities, 2003). Some countries that want to further integrate with the EU, like Morocco or Israel, have for long asked for a more prominent status than just being a 'neighbour', getting closer to the situation of non-EU countries included in the European Economic Area (EEA), like Norway or Switzerland. In October 13, 2008, the Morocco-EU Association council decided to launch the Advanced Status for Morocco (Commission of the European Communities, 2008), opening the way for other MPCs willing to further integrate with the EU to follow that path, that could eventually include freer provisions for agricultural and services trade (including labour movements under GATS' -General Agreement on Trade on Services- services provision mode 4). During the Spanish Presidency the Advanced Status with Morocco has been signed during a EU-Morocco Summit held in Granada, raising serious criticisms on its limited practical implications. Turkey is a different case, having a customs union with the EU it is much more integrated into EU's economy (Kaminsky and Ng, 2007), and being a candidate country its focus is on accession.

However, the most publicized initiative to come to the fore has been the Union for the Mediterranean (UfM). French President Nicolas Sarkozy first proposed the idea of a "Mediterranean Union" on 7 February, 2007 in Toulon, as he campaigned for the presidential election of that year, and the idea drawn much attention on the euro-mediterranean political scene from its inception until its final format approved at the 13 July, 2008 Paris Summit<sup>1</sup>, which left some issues open to discussion that were finally agreed upon in Marseille, 3-4 November 2008<sup>2</sup>. At first the idea was seen as just another pitch for the election campaign, meant for domestic consumption and separate from the inter-governmental workings of the countries on the northern and southern rims of the Mediterranean. The proposal had electioneering written all over it: it blended a French commitment to the Mediterranean region with an apparent alternative to Turkey joining the EU. Time has shown, however, that the proposal also reflected a view widely shared in France as to the country's strategic position in the Mediterranean region<sup>3</sup>.

The UfM was formally established at the Paris Summit with the assistance of almost every euro-mediterranean Chief of State and/or Government, as well as several international organizations representatives, including the Arab League. The Paris Summit (July 13, 2008) and the Marseille Ministerial Conference (November 3-4,

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1 EU Council, Joint Declaration of the Paris Summit for the Mediterranean, Paris, 13 July 2008.

2 EU Council, Foreign Affairs Ministerial Conference on the 'Barcelona Process: Union for the Mediterranean', Final Declaration, 4 November 2008.

3 For instance, see the Avicena Report of April 2007, conceived as a strategic analysis of the role of France in the region.

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2008) established a new institutional structure for the EMP, which since Marseille will be named Union for the Mediterranean, and added to it six priority projects in the fields of de-pollution of the Mediterranean sea, sea highways, civil protection, solar energy, a higher education area together with a Euro-mediterranean college (already opened in Slovenia), and the development of small and medium enterprises (SMEs). In spite of explicit criticism against the EMP and changing names, the final result seems to be a reinforcement of the Barcelona Process with a tighter institutional framework and high-profile projects intended to vertebrate the euro-mediterranean region: a "Union made of projects" as defined by President Sarkozy himself. As Schumacher (2008, p. 14) has summarized: "Barcelona is dead, long live Barcelona".

The process by which the French initiative was redirected towards such a final result is an interesting case study on how the EU works (Khader, 2009). Outside France, early reaction to the proposal ranged from scepticism to opposition. In fact, one of the paradoxes of the idea is that it stirred premature nostalgia over the Barcelona Process among some of its most ardent critics. This is especially the case in the academic arena, where the French proposal drawn explicit criticism. In general, research pieces welcomed the French initiative as a potential force for renewal. Then, as expected, they made alternative proposals. In any case it is important to note that the initiative has placed the Mediterranean region on the agenda of European political leaders and attracted the attention of the media. And with the Lisbon accords recently signed, the debate is beginning to go beyond the euro-mediterranean realm and make an overall evaluation of Europe's drive to work toward a common foreign policy.

Among EU's Member States and MPCs (except Turkey and to a lesser extent Algeria, where the proposal has been received coolly) the attitude has been to 'wait and see', without offending the French president, and trying to have an influence on the proposal so as to project each country's own preferences into it. The European Commission first saw in the initiative a desire to keep it on the sidelines, and being included later in the proposal does not appear to have appeased the Commission. Perhaps the strongest reaction came from non-Mediterranean member countries of the EU, which were initially excluded from an initiative that planned to use EU funds. In a speech in Berlin on 5 December 2007, German Chancellor Angela Merkel expressed fears that it would threaten the core of the EU. Specifically, she said it was out of the question for some countries to form a "Mediterranean Union" and finance it with EU's resources.

With its transformation from election proposal to diplomatic initiative, there was a growing perception that President Sarkozy's idea could be channelled in such a way as to deepen euro-mediterranean relations. Once it has materialised into a EU policy, it seems interesting to analyze its evolution and how it has reach its final design, as well as whether it represents a significant enhancement of the EMP and the ENP or, on the contrary, if the promiscuity of euro-mediterranean initiatives is taking place at the expense of its consistency.

This article centres on four issues. Its first section is devoted to the evolution of the UfM itself since it was first announced. The second section reviews and analyzes some of the proposals made during the negotiating process and how they might have influenced its final design approved in Marseille. The third section presents the

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tangible results of the UfM, which are mainly of an institutional nature. The forth section proposes some ideas for effectively preserving the spirit of the Barcelona Process without missing out the chance to make substantial progress in Euro-Mediterranean relations. Finally, the article concludes that after having agreed upon procedures, institutions and sieges, the UfM have to urgently transit from a euro-centric diplomatic bargaining exercise to a new phase that should concentrate on (i) implementing the selected projects, (ii) be extended to more significant domains for MPCs economic needs, and (iii) to pose a credible and recognisable final goal that allows for economic agents to effectively adapt its expectations.

## **1. THE UNBORN “UNION DE LA MEDITERRANEE”**

The aim of this section is to present the evolution of the French proposal from a national move to an Europeanised initiative. A first phase is represented by the time elapsed between the unveiling of the electoral proposal in Toulon and a speech by Sarkozy, already as president, in Tangiers on 23 October, 2007. It is easy to detect how hard French diplomats worked to give content to and elaborate on the fine points of an initiative that was really short on details. But president Sarkozy's determination did not waver. In the speech at Toulon, once the mere electoral component is removed (selective immigration, and an alternative to Turkey joining the EU) and what are seen outside France as excesses of rhetoric (France's mission to enhance civilization), there were important messages. In the first place, there was a strategic vision for the EU which, in the absence of further conceptual development, can be summed up with the statement that “the future of Europe is in the South.” President Sarkozy repeated this idea in his speech at Tangiers. This is a diagnosis shared by the rest of the Mediterranean members of the EU. And thanks largely to the Barcelona Process, this is also recognized by other EU Member States which had not been terribly interested in the Mediterranean in the past<sup>4</sup>. However, the exact meaning of the sentence was better discerned in another part of the speech, when Sarkozy said that what is at stake in the Mediterranean is French influence in the world.

Secondly, Sarkozy presented his thesis that the Barcelona Process has failed to achieve its goals, in part because the EU's enlargement to the East has overshadowed other priorities, but also because of the preponderance of free trade on the rest of the ‘baskets’ of the Euro-Mediterranean Partnership. This can be nuanced by saying that although tangible results have basically been achieved only through FTAs, this should not be seen as taking away from the economic package but rather as stemming from the lethargy of the rest of what is in offer in the Barcelona Process. Stated this way, there is also a broad consensus on this issue. But one can also raise the question of what, were it not for the Euro-Mediterranean Partnership, would have happened with euro-mediterranean relations in such a turbulent period like the one the region has endured since 1995. It is true that FTAs, most of which have yet to reach the phase of substantial liberalization, have not caused the MPCs' economies to take off or served as catalysts for a generalised process of economic and institutional reforms, not to mention the democratization of the region. But no sensible economist would have expected free trade alone to

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<sup>4</sup> For example, in the case of Germany see Schumacher (2008), Jünemann (2005) and Perthes (1998). For the Scandinavian countries, see Melasuo (2005).

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resolve such a complex equation as the one established between economic development and democratization in MPCs.

At most, free trade can contribute to economic development and the modernization of some institutions directly related to trade activity, especially since free trade accords are manifestly incomplete in that they do not fully include trade in services or agricultural products. Moreover, the experience of economic reformists in the region shows tangible economic improvements in countries like Morocco, Tunisia and Jordan. These are countries that are well advanced in the implementation of the Euro-Mediterranean FTA (Tunisia has already implemented it) and adhering to the ENP with the aim to anchor their reform efforts and signalling it to improve their credibility. So, the criticisms on the Barcelona Process may be nuanced in several respects.

In the Toulon version of the French proposal, the goals of the “Mediterranean Union” were stated as the following: devise a policy of *l’immigration choisie*<sup>5</sup>; address the environmental challenges of the Mediterranean; conceive a policy of co-development with common poles of competitiveness and creation of joint venture companies; negotiated and regulated free trade (a contradiction in terms that reflects the *colbertist* approach of the whole proposal); joint management of water resources; an investment bank; and emphasis on education. As was to be expected, the proposals got a chilly reception, both from the European Commission and the non-Mediterranean members of the EU, which felt excluded. But also from several MPCs which did not seem to appreciate the emphasis on immigration and the defence of French colonialism.

However, in Mediterranean Member States, the reaction was mixed. On one hand, some countries saw an opportunity to boost relations with MPCs. But there was also some concern over the possibility of a “Mediterranean Union” relegating the Barcelona Process to the back burner prematurely without contributing anything concrete to replace it. Finally, there was fear that dissociating the “Mediterranean Union” from the EU amounted to a French strategy to take over leadership of European action in the Mediterranean, as is clearly stated in the Toulon speech. In any case, that first proposal had the effect of getting many European foreign ministry officials to go back to work on the Mediterranean agenda, and gave the impression that something might change in euro-mediterranean relations.

The Tangiers speech spoke of the need “to go further, faster” and begin working on “another level”. The pace and rhetoric were vintage Sarkozy, but its activism might be healthy for relations whose current framework seemed limited, in the absence of a greater level of political commitment. So the political will to advance was highly welcomed. But it seemed evident that perhaps a deeper reflection on where to go was needed before deciding to do it faster. Further? This did not seem to be an appropriate answer if the aim was to formulate concrete goals and objectives, and tools for achieving them. The Tangiers speech showed however a greater level of structuring. First, it seeks to amend some of the elements that were most heavily criticized by MPCs, Brussels and the rest of the EU Member States: it endorsed the

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5 The concept of “selected immigration” was one of the pillars of Sarkozy’s presidential campaign, and consists basically of the host country (in this case France) having the right to select immigrants on the basis of its needs and interests.

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principle of “equality” to avoid colonialist-sounding connotations, circumvented the issue of immigration, foresaw participation by the European Commission, and presented the “Mediterranean Union” as a common project that did not seek to replace the Barcelona Process or the Neighbourhood Policy. Secondly, it added some general features that do provide greater specifics, albeit conceptual and not at the operational level: it proposed a pragmatic “Mediterranean Union” based upon variable geometry, and gave priority to sectors such as culture, education, justice and health. It also coined the formula “a Union of projects” in line with the recommendations of the Avicena Report and other proposals, like the influential reports (in French political circles) prepared by the IPEMed-CALAME (for instance, 2005).

It seemed then that France wanted regional cooperation to be based on five institutional initiatives with a highly symbolic content. First, a Mediterranean Investment Bank similar to the European Investment Bank, an already existing proposal that never got off the ground and is not very much supported by the EIB, which feels the problem with the Mediterranean region is not one of a lack of financing but rather a lack of viable projects that can appeal to the financial community (a debatable position which will be treated when analysing the UfM financing). Second, an environmental agency tasked with overseeing management of water resources. In the third place a nuclear energy agency. Fourth, an exchange program for university students along the lines of the Erasmus program and designed to encourage cultural exchanges. Finally, the creation of a common audiovisual sector. While some of these ideas dropped off the design of the newly named UfM, many still very present in its final content.

From an institutional perspective, although the exact workings of a “Mediterranean Union” remained unknown, this approach seemed to reflect that of a “Union made of agencies” more than one made of projects. In fact, an early proposal by the French Parliament included the idea of a Mediterranean agency to manage the “Mediterranean Union”, that is, the new projects<sup>6</sup>. Aside from a Mediterranean Investment Bank and a water-resources management agency, at face value the other three proposals had an unmistakable French flavour. Sarkozy had shown interest in assuming a leading role in the rise of nuclear energy in the southern rim of the Mediterranean basin, and proposed making French know-how in the sector available to a future Mediterranean nuclear agency. As for the university exchange program, one might expect this to channel students from the southern Mediterranean rim to French schools, due to language familiarity, close ties with universities in MPCs (mainly in the Maghreb) and, in general, the network of relations between France and its former colonies or protectorates. Going back to the issue of language, when speaking of a common audiovisual sector, it did not seem this would have had English as its shared tongue. However, the idea of an agency has been somehow retained with the creation of the UfM Secretariat, which in a highly symbolic gesture (but also after significant Spanish diplomatic efforts) will be based in Barcelona.

This apparent lack of precise details in the project lent itself to several interpretations. On one hand it was perceived as an exercise in making virtue out of necessity: on the basis of an electoral proposal void of content, transmit flexibility to agree on the

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6 Commission des Affaires Étrangères de l'Assemblée Nationale, Rapport d'Information sur le thème “Comment construire l'Union méditerranéenne”, 5/12/2007.

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fundamental elements, even with regard to what countries would belong to the Union. In this scenario it was appropriate to consider contributions from other Member States and the European Commission, and it made sense to seek for more proposals and to narrow down the project from a constructive point of view. A less benign interpretation was that the “Mediterranean Union” was simply an instrument for France to project its power, and that its ambiguity was a deliberate strategy to avoid the proposal being rejected altogether at the outset, trusting that the French president’s political vigour will manage to smooth over resistance to it. Finally, it was also ventured that the Union might simply be Sarkozy’s “Turkish gambit”, prematurely aborted due to the predictable and vehement refusal of Turkey to consider any alternative to EU membership (Emerson and Tocci, 2007).

In fact, the devaluation of the initial French proposal should not only be interpreted as a failure by president Sarkozy to advance it, even if the initial proposal has been modify to become almost unrecognisable (Khader, 2009). It can also be understood as a successful exercise to set the euro-mediterranean agenda in the proper moment (Stetter, 2008). After the Rome meeting (end 2007) between France, Italy and Spain, and the French-German summits of beginning of 2008, the March 2008 European Council mandated the commission to design the institutional framework of what was called ‘Barcelona Process: Union for the Mediterranean’. The Commission issued a communication in May 2008, by which after recognising the limits of the Barcelona Process insisted on the need to revitalise the process<sup>7</sup>. The Commission document covers some of the proposals made in the previous months (see the next section). The November 2008 foreign affairs ministerial council finally reduced its name to ‘Union for the Mediterranean’ (UfM) and established the UfM’s Secretary siege in Barcelona. Under the Spanish Presidency of the EU a Jordanian, Dr. Ahmad Masa’deh, was designated as its Secretary General, and after long and difficult negotiations, the articles of the Secretary were finally approved.

## **2. PROPOSALS FOR A UNION**

Immediately after the French proposal was presented, an interesting discussion took place on which elements should be included in the initiative in order to imply a real progress compared with the Barcelona framework, with the understanding that the new proposal provided an opportunity to revitalize cooperation across both shores of the Mediterranean. This constructive focus is shared by almost all the documents cited in this article. It was also the essence of the Spanish proposal, which involved precisely going beyond the Euro-Mediterranean Partnership and “building a true geopolitical space through the establishment of a “Euro-Mediterranean Union<sup>8</sup>”.

To this end the Spaniards proposed a new but modest institutional framework: a Euro-Mediterranean Council, more frequent meetings of ministerial councils and a strengthening of the Euro-Mediterranean Parliamentary Assembly; the creation of two new entities with shared management, a Committee of Permanent Government Representatives and a Permanent Commission that would serve as a secretariat; a proposed Financial Institution for the Mediterranean, which would be a precursor of a

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7 COM (2008) 319 (Final), Brussels, 20/05/08.

8 Ideas expressed by Miguel Ángel Moratinos, Spanish Foreign Affairs’ minister, in his article “Del Proceso de Barcelona a la Union del Mediterráneo”, in which he calls President Sarkozy’s proposal most timely (*El País*, 2/8/2007).

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Mediterranean Bank; and in the area of cultural dialogue, regional application of the so-called Alliance of Civilizations (a shared Turkish-Spanish initiative). The proposal also featured more ambitious elements, although it still just tried to identify goals without specifying the fundamental aspects: achieving peace between Israel and Palestine, closer ties on energy issues, a deeper opening of markets, curbing environmental deterioration, maintaining ties with civil society and responsible management of migratory flows.

The differences with the Union proposed by France were substantial. In the first place, by advocating a Euro-Mediterranean Union, it included EU Member States that are not on the Mediterranean coast and granted a prominent role to the European Commission. For many observers and for some non-Mediterranean Member States, this issue was a key one. A Union separated from the EU was unthinkable because in economic terms it would mean renouncing to use EU instruments such as the common trade policy. In political terms it was central because only by including non-Mediterranean Member States could be expected to retain their interest in the region and avert a greater imbalance in favour of Eastern Europe in EU foreign policy (Vasconcelos, 2007). The proposals that were most supportive of a "Mediterranean Union" solved this double problem with a certain degree of haste: the Union should be built precisely on the sidelines of the EU, with non-Europeanized policies to which one can apply the principle of subsidiarity; and the "German problem" (non-Mediterranean EU participation) could be resolved by resorting to the mechanism of enhanced cooperation (Institut de la Méditerranée, 2007).

A similar focus is seen in the report that the French National Assembly presented on the "Mediterranean Union" (*op. cit.*); it proposed a Union associated with the EU, made up of "permanent" members (Mediterranean countries) and "non-permanent ones" (non-Mediterranean EU countries), that would take part voluntarily on a case-by-case basis. For all analysts, the spirit of the Union should be one of "deepening" relations, but some felt this was incompatible with a 32-member Union and that things should start off with a 5+5 plan<sup>9</sup> which, once momentum will be achieved, could extend naturally to the rest of the EU Member States and MPCs (Le Cercle des Economistes, 2007).

Along those lines, Khader (2007) proposed a limited Union inspired by the "Nordic Dimension", what he called a Priority Regional Partnership (PRP). It would consist of enhanced cooperation that involves the eight Mediterranean members of the EU, plus the Maghreb countries and Egypt. This geographical proposal is very similar to the 5+5 arrangement that France pushed for in the 1990s, and that still working nowadays as a political forum with sporadic meetings. This brings us to the question of Israel. There are several reasons for not including the Middle East in the original French proposal. For Khader (2007, 2009) it is pointless to do so unless there is a Palestinian state. For Vasconcelos (2007), like in the Spanish proposal, no euro-mediterranean initiative can skip over peace in the region as one of its goals, whatever political difficulties it implies. The report from the Institut de la Méditerranée

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<sup>9</sup> The 5+5 dialogue is a Western Mediterranean forum that includes five Mediterranean EU countries (France, Italy, Malta, Portugal and Spain) and five southern Mediterranean countries (Algeria, Libya, Mauritania, Morocco and Tunisia). It was created in 1990, and is intended to promote regional cooperation in areas like foreign affairs, defence, home affairs, social issues, parliamentary relations, tourism or transport.



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(2007) acknowledges that the conflict between Israel and Palestine cannot be ignored by the “Mediterranean Union”, but stated that this should not be one of its main objectives either.

In reality, the originally proposed “Mediterranean Union” did not seem to want to take on politically complicated issues such as the conflicts that ravage the region, promotion of democracy or respect for human rights (later Sarkozy’s proposals to send buffer troops to the Palestinian territories were totally separate from the “Mediterranean Union”). Nor did it seem wanting to address economically sensitive issues such as completing the FTAs with agriculture or liberalizing Mode 4 of the rendering of services in order to rationalize the movement of workers<sup>10</sup>. Perhaps it is in these areas where it was detected the most a Colbertist tone in the French proposal: it spoke of regulated free trade and the creation of poles of competitiveness, concepts which smack of protectionism and interventionism. In some ways, rather than the *Barcelona Plus* proposed by the EuroMeSCo (2005) network with an eye to the 10th anniversary of the Barcelona conference, there is the temptation to term it *Barcelona Minus*. This is especially important because as most analysts note, the situation these days in the Mediterranean is no easier than it was in 1995, and cannot be tackled with merely strong political will and the enthusiastic application of simple solutions.

A more nuanced alternative was the one in the aforementioned report from the Institut de la Méditerranée, an idea which might be thought of as a “Union of agencies”. The experts’ group brought together by the Institute proposed a much denser institutional structure than the Spanish proposal, although paradoxically it warned of the danger of the initiative getting bogged down in bureaucracy. The proposal salvaged some old ideas but always excluding the EU dimension: it called for an annual intergovernmental meeting at the highest level, including the EU, a political secretariat, a Mediterranean Parliament and a Mediterranean Bank. But it added new elements such as a constitutional charter, a sub-national committee with representation from regions and cities, an Economic and Social Council that would represent civil society, a sectorial plan to create a community of knowledge, a sustainable development commission, a trade arbitration court and a series of specific agencies and institutions (for water management, energy, scientific research, a Mediterranean College, etc.).

Less enthusiastic positions called for using the political momentum generated by the “Mediterranean Union” to differentiate the Neighbourhood Policy between the East and the South. The idea was to give the ENP a Mediterranean component to be included in the Barcelona Process and reforming the latter, including the recourse to the mechanism of enhanced cooperation (Emerson and Tocci, 2007). Other analysts said the best thing would be to join the two policies, reform them and apply the Action Plan that was approved at the Barcelona Conference in 2005 (Bataller and Jordán, 2007). In fact, once the initial focus on conditionality in the Neighbourhood Policy has been toned down, there was nothing in the ENP that could not be developed (or melded into) the Euro-Mediterranean Partnership. This proposal, which could be seen as minimalist, was consistent and pragmatic, especially if applied to complete

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10 Mode 4 of rendering of services refers to those services in which the party rendering them travels physically to the country where the service is provided and as a result this causes greater flexibility in the movements of the labour force.

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the Barcelona Process. But it might have waste an opportunity to harvest more efficiently the political drive underlying the French proposal.

Finally there is a key issue that has not been dealt with much, perhaps because it was taken for granted. This is the southern dimension of the Union: economic integration among MPCs. One of the main criticisms of the Euro-Mediterranean Partnership has been its failure to promote greater sub-regional integration along the southern rim. This was also cited as a reason to push for creation of the Union for the Mediterranean. Increased integration of the MPCs productive systems is certainly desirable, but perhaps more politically than in economic terms. The potential for trade among small MPCs economies is not great, compared to the lure of the huge EU market. There are for sure some exceptions that are rather explained by political reasons, like Algeria-Morocco unrealised trade potential and Israeli isolation from its neighbours. So, one should not expect a dramatic intensification of intra-regional trade flows, which also face serious economic obstacles in addition to the political ones (Momani, 2007). However, these flows should be encouraged as a source of gains in productive efficiency because their economic contribution, while probably not decisive, is not insignificant either.

If intra-regional trade flows reached the levels of, say, MERCOSUR in its best times, they would go from less than 5% of the total to a respectable 20%, but this scenario is too optimistic and does not withstand comparison. It would, however, represent a political factor in the sense that it would raise the opportunity cost of conflicts. But the history of integration on the Mediterranean's southern rim is not very encouraging (Escribano, 2002). By way of example, it is difficult to envision a Union with real content that would be able to resolve the difficulties between Algeria and Morocco which have also paralyzed the Maghreb Arab Union. It is true that the UfM has no trade policy content, but supposedly it might be able to address this issue by building infrastructure with a regional scope. It is clear that the normalization of bilateral relations between some MPCs is a pre-requisite for any significant sub-regional project to move forward.

### **3. A UFM AS THE BARCELONA PROCESS' FINAL OUTCOME**

At the time this article was written the UfM was still in euro-mediterranean decision-making limbo. Apart some institutional innovations, that will be discussed later in this section, by now we know that it is not a customs union, nor a single market, much less an economic and monetary union. Nor is it a mere deepening of the Euro-Mediterranean Partnership, or a Neighbourhood Policy designed specifically for the Mediterranean. It is not the opposite either, we might add. Looking more on the positive side, it has been conceptually baptized as a "Union of projects" although some of the institutional developments point more to a "Union of agencies" and others even suggest a "Union of companies." In more general terms it is the beginning of defining a policy, in which the sequence and effectiveness of the instruments, and how they will be assigned to intermediate goals, remains under-specified. But this can be normal in the early stages of formulating a policy, especially if it moves somewhat prematurely into the arena of public debate.

The most relevant thing, which sometimes is so obvious it goes undetected, is that the general goals outlined by Sarkozy coincided, even in terminology, with the

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Barcelona Declaration, a re-reading of which is essential as a definition of euro-mediterranean shared final goals. If the UfM's goals are to achieve a region of shared peace, stability and prosperity, develop human potential, facilitate understanding among cultures and exchanges between societies, these are precisely the headings of the different sections of the Barcelona Declaration. If the objectives are shared, then that part of the discussion is settled and we can start thinking about the means to achieve it. Even more to the point, the political drive underlying the idea of a UfM can be used to mobilize the necessary tools and move more quickly to attain more ambitious intermediate objectives (Aliboni and Ammor, 2009).

Regarding integration theories, at least economic ones, it is difficult to "discover the Mediterranean". Economic integration has an internal logic that tends to lead to gradual processes, of which the EU is the greatest exponent: preferential agreements, free-trade areas, customs unions, single markets, and economic and monetary unions. The Barcelona Declaration described itself explicitly as the foundation of "a process that is open and destined to be developed." In the economic realm, the first goal of the Euro-Mediterranean Partnership was to achieve an FTA, and this is being done gradually. The ultimate goal of the Neighbourhood Policy is to achieve full participation in the European single market, with a status potentially similar to that of the non-EU countries that make up the European Economic Area.

Economic and socio-political players recognize these concepts, which make integration processes predictable, credible and measurable in terms of how they are being applied and the ambitions they transmit. These characteristics make the players incorporate them into their expectations and reduce its implementation transaction costs. A union of projects, or of agencies, is a concept that is difficult to visualize from a political or business perspective. But it also difficult to implement theoretically, so it runs the risk of being perceived as a virtual union. In fact, the suggestion of opting for a model similar to that of the European Economic Area lacked enough credibility to make it appealing to countries south of the Mediterranean, except for those which wanted to move forward on integration with the EU, such as Morocco or Israel. It does not even match the customs union figure that nowadays links Turkey with the EU, not to speak about its candidate status. For this reason, the logic of integration would seem to recommend following the known sequences: first to complete the Euro-Mediterranean FTA by including agriculture and some services, then move on to think about progressing gradually to a single market, in line with the Neighbourhood Policy or the Advanced Status agendas.

The UfM might have been conceived as the last stop in that process, using the appealing idea of structure-building projects for improving socio-economic conditions in MPCs and helping remove obstacles to its productive system. This kind of Union could meld the French sense of urgency (there would be projects and a Union) and demands from the European Commission and Member States for consistency in Mediterranean policies. This means preserving the legacy of Barcelona and the Neighbourhood Policy, but also reforming and rethinking them.

MPCs preferences have also to be taken into account to a greater extent, and these are well known: access to European agriculture and energy markets, more aid, and greater ease in the processing of visas or a more flexible approach to immigration, among others. From a political economy perspective, the question is to what extent the UfM adds a significant incentive for MPCs to accelerate economic structural

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reforms. Tovas and Ugur (2004) have argued that in order to significantly promote reforms in MPCs, the EU should deliver substantial incentives, and that given that MPCs tend to discount time heavily, those incentives should have an immediate impact. To these two conditions a third one can be added: that those incentives are to be inclusive, in the meaning that they benefit wider social stratus and are not mainly captured by the MPCs' ruling elite. These three fundamental questions have been marginally been dealt with. However, it seems that most projects that the UfM intend to foster barely match those conditions. To date, there is no visibility concerning the size of the incentives related to the projects, its nature is unclear, its financial origin still vague and the timetable for its delivery remains unknown.

The main innovations are institutional, and they are dominating more substantive progress, mainly because to date they have not proved to have an operative design. In fact, at the time of writing this article, the launching of the UfM Secretariat in Barcelona still entrenched in the complexity of the newly introduced Euro-Mediterranean institutional architecture, mainly the Co-presidency figure. The Marseille Declaration contains an institutional design based upon four figures: the Co-presidency, the high officials, the Joint Permanent Committee and the UfM's Secretary. The Co-presidency establishes a six-month EU Co-presidency, rotating according to the presidency of the EU Council, and a 2-year, non renewable, Southern Co-presidency decided by consensus among MPCs. The Co-presidency is a long lasting demand by MPCs, which blamed the Barcelona Process for being managed without their input, even evoking the 'remote control' figure for the Neighbourhood Policy in the Algerian case (Darbouche, 2008).

However, in recent months, ownership in the shape of Co-presidency has revealed itself as a tool for paralysis instead of transmitting any MPCs constructive impetus regarding the UfM. The Egyptian Co-presidency has failed to advance the UfM agenda, and even the launching of the UfM Secretariat in Barcelona remains blocked, mainly due to the reluctance by the Egyptians to appear as compromising with Israel. The inclusion of the Arab League, rejected by Israel, was effectively supported by Arab MPCs and some EU countries, the latter on the basis of financing needs. By now it is difficult to assess the impact of its inclusion, nor its potential in terms of institutional efficiency, but it seems to be acting as a new source of political friction. This paralysis is raising acute criticism among some Member States and the Commission, who find that the new institutional setting is far from operative and holds the potential to be too much politically-led. This is so because the Co-presidency is responsible for fostering the projects and to provide the political push. The remaining institutional pieces are much more bureaucratic. The high officials substitute the Euromed Committee, which is dissolved, in most of its functions. The issues not dealt with by the high officials will be address by the Joint Permanent Committee, based in Brussels.

The UfM's Joint Secretariat is proposed as a kind of euro-mediterranean proto-agency, charged with the management of the projects and its financing, the co-ordination with the other dimensions of the Barcelona Process and also assuming the task of providing policy proposals and analysis. Its nature was designed to be eminently technical, managing the projects and informing the Co-presidency, the Permanent Committee and the high officials. But this technical aim has been watered down by the composition of the Secretariat. The Secretary General has to be

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appointed among a MPC candidate, while in its original formulation there will be five Deputy Secretaries. At the time of writing these pages, the five candidates were Greece, Italy, Israel, Malta and the Palestinian Authority. Political bargaining, not technical expertise has been to date the name of this game. Israelis and Palestinians were appointed in such a manner. Israel obtained a Deputy Secretary somehow as compensation for the inclusion of the Arab League, while the Palestinian Authority gained it to balance the Israeli one. So, the focus on the political allocation of deputies at the expense of better defining the Secretariat's functions and give it the tools and resources to achieve its ambitious goals may pervade the efficiency of the UfM Secretariat.

Another pending matter is the figure of the Secretary General issued from MPCs. The difficulties here are quite evident. Egypt already holds the Co-presidency. Morocco, as an Advanced Status country could be preferred by the EU, but it already holds the Anna Lindt Foundation and it does not seem that Algeria would accept it. Inversely, Algeria could be interested, but Morocco would press against it. Syria will not be accepted by Israel, and Jordan is not properly a Mediterranean country to chair the UfM Secretariat. Lebanon could be an option if there is some internal political consolidation after the last elections. Tunisia would be another, but having being denied to host the Secretariat, the country seems to be offended and reluctant to obtain such a consolation prize. Finally, Turkey would be another option, but it has also some obstacles. First, Turkey is more interested in playing the accession card and has acted coolly towards the UfM. Second, it may face opposition from some Arab MPCs. In any case, Turkey has recently slightly changed its attitudes towards the UfM, and there is even the possibility that it receives a sixth Deputy Secretary General.

So, it is difficult to find a recognizable figure in this institutional design, other than another sophisticated euro-mediterranean diplomatic exercise. There are not sufficient incentives, they are not immediately visible, and they do not include most MPCs population preferences. The UfM, as it is, is not the logical conclusion of an ordered and gradual integration process, and do not complete Barcelona. This led towards the analysis of the characteristics that a complete UfM should have in order to be consistent with its proposed goals.

#### **4. WHO FEARS A UNION FOR THE MEDITERRANEAN WORTHY OF ITS NAME?**

The previous sections have tried to show that the initiative was ill conceived since its very beginning. Later amendments were not totally able to solve its 'original sins', leading to a final sub-optimal design. Most diplomatic efforts have been devoted to institutional details, while its fundamental contents have attracted little attention. Whenever the UfM will be able to escape from the institutional trap on which it seems to lie nowadays, it will have to deal with more substantial issues in order to attain its own stated objectives. This section discusses four issues: the UfM's European dimension, the implicit model of integration it offers, the nature of the selected projects, and its financing.

#### **4.1. The European dimension: more Europe, not less**

This was one of the aspects in the Sarkozy proposal that generated most European misunderstandings, in both its political and institutional dimensions. From the very beginning it was clear that including all Member States and the European Commission was the only reasonable alternative. To do otherwise would have run the risk of splitting the EU geopolitically in two directions, one looking southward and the other to the east, and this would have aggravated the very imbalance that the initiative sought to correct. The civil power of the EU and its influence in the international arena depend on the bloc being able to remain united by bringing together Member States' preferences. This is particularly true in a region so geopolitically important that calls for more Europe, not less.

It is true that an EU of 27 countries is more difficult to coordinate, and to persuade, than are the group of EU countries that border on the Mediterranean. But also lesser are the latter's negotiating power and the magnitude of the incentives they can deliver to MPCs in exchange for greater guarantees on sensitive issues such as democratization and human rights. But herein lies the power of the EU to transform (Manners, 2002), at least its Mediterranean Southern vicinity (Adler and Crawford, 2006). Although formulas based on the mechanism of enhanced cooperation can make up for some of that deficit of incentives and negotiating leeway, they have major limitations and as a whole do not help give the initiative credibility. Internally, this exposes the debate on the interpretation of enhanced cooperation: a Europe of variable geometry or a Europe *à la carte*. The "Mediterranean Union" original French proposal was clearly a Europe *à la carte*, in this case mainly proposing a French menu. Article 20 of the Treaty of Lisbon specifies that enhanced cooperation must "further the objectives of the Union, protect its interests and reinforce its integration process." In essence, it must strengthen the EU, not divide it. And this kind of cooperation is authorized as a "last resort" when the Council deems that its goals cannot be achieved by the EU as a whole and when at least nine Member States take part in the cooperation initiative. Of course, it does not allow for intrusion into areas where the EU has exclusive jurisdiction, but does allow for the use of EU institutions.

This aspect send us back to the institutional dimension, already rose in mentioning the EU's role as a normative force for transformation. Although the Neighbourhood Policy may have been conceptualized as a process of "Europeanization without Europe" (Escribano, 2007), with many unknowns and limitations, it seems plausible that the modernizing effect of MPCs adopting the *acquis communautaire*, even just selectively and limited to chapters related to the single market, has major potential. In the initial proposal based upon enhanced cooperation, the Europeanizing capacity would have been more limited, as the Commission has veto power over actions that fall under the first pillar of the EU, which includes trade and development policy. So, the original "Mediterranean Union" restriction to operating in the non-Europeanized realm of foreign policies, on the sidelines of the EU, seemed to be an unnecessary emasculation of the available instruments, which were, and still being, quite limited.

Even more so, the adoption of initiatives in the framework of enhanced cooperation could have hindered the Europeanization of new policies that are relevant to relations with MPCs, such as the emergence of common policy spaces in energy security or

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immigration, for instance. If the focus of operating on the sidelines of the EU would have entailed a kind of preventive de-Europeanization, this would have been bad news for the modernization of the Mediterranean, as MPCs governments would lose the already fragile reference point of the EU as a united negotiating party delivering global incentives. A more coherent strategy for the UfM would be to advocate greater Europeanization of the potential development of common policy spaces with MPCs, rather than detach them from the EU's hypothetical normative power. Some criticisms have been already raised regarding the differentiation mechanism that entails the Neighbourhood Policy. The UfM's projects approach may be another tool for differentiation among MPCs, but also between EU's Member States, because by definition physical infrastructures have a limited geographical scope. In this context, it is crucial both that the UfM keeps its European-wide approach and delivers more Europe to MPCs.

#### **4.2. Searching for a complete and operative integration model to formulate consistent policies**

Preserving the European dimension and the legacy of the Barcelona Process and the Neighbourhood Policy should not mask its gaps. Countries on both of the Mediterranean's rims share the diagnosis that new euro-mediterranean momentum is needed. If the objective is to anchor MPCs in liberal democracy and free-market economics, it is necessary to set a clear integration goal, even if is a long term one. This goal, institutionalized in the UfM, is very high-profile. But it should also be credible, predictable and entail a set of consistent policies, if the idea is to give the rulers of MPCs the incentives necessary to speed up economic, institutional and political reforms.

In order to do this, it is not enough to take the Barcelona Process and the Neighbourhood Policy and simply add a new area of activity, be it the environment, energy or transport. A UfM that is worthy of its name must offer a mechanism for long-term economic and political integration: the consummation of the Euro-Mediterranean Partnership and the Neighbourhood Policy. In short, it should be a Union that is complete in its objectives and the tools placed at its disposal. In the economic field, it is necessary to advance toward completing FTAs, and give the signal that these will not be weakened with safeguard clauses or by excluding agriculture or services. From an institutional perspective, convergence – even gradual and selective – toward the EU's *acquis* is a very powerful modernization mechanism for MPCs institutions (Pace, 2007).

But political instruments must also be considered, and not just economic ones (perhaps one of the most evident conceptual errors of the Barcelona Process, at least in the way it has been applied), in order to achieve non-economic goals such as peace, respect for human rights, security, understanding among cultures and democratization. This aspect is probably the one that requires the most political capital and is without a doubt one of the most difficult to tackle. It needs the transforming power of the EU, but also the adoption of decisions and mechanisms to make them effective (Lavenex, 2008). Besides positive conditionality, with clear and consistent economic goals, the initiative must also resort to consistent political tools. Thusly, one cannot advocate democratization and not accept democratic, non-violent Islamic movements as interlocutors (let's not say rulers). Nor can one finance most of

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the budget of the Palestinian Authority without getting more involved in the creation of a viable Palestinian state.

Earlier research has put forth the idea that the Barcelona Process was based on what has been called an economic syllogism that rests on the theory of modernization (Escribano and Lorca, 2008): free trade and reforms would give rise to a process of economic development which, in turn, would trigger pressure from an emerging middle class for democratization. However, this strategy has proven to have clear limits in the past. So a proposal was put forth to address the issue with a democratic syllogism: the idea that sometimes, the absence of democratic culture and institutions not only cannot be resolved with economic development, but rather the latter cannot happen without democratic reforms and institutions. The idea of the UfM seems to run along the same, somewhat economics-heavy paths (even for the economists) as those suggested in the Barcelona Process. However, some MPCs economies, such as Morocco or Tunisia, may be now mature enough for the theory of modernization to take hold there.

In any case, the UfM must be kept from being used by MPCs ruling elites as an instrument to retain power. In that case, it will have created another process dominated by those elites, inviting rejection from everyday people and from the political opposition, which in many countries is Islamist. This issue is linked to the idea of EU dialogue with Islamic movements which are non-violent and respect democracy - a scenario which most MPCs governments see as out of the question. The Islamic movements themselves are also wary of it because of the reticence at its grassroots level. One possibility would be to try to co-opt those democratic opposition movements, for instance by giving priority to small- and medium-sized businesses, where the economic base of Islamic movements is concentrated. They may see this kind of activity as an opportunity to promote their political agenda over the medium and long term, so here they might be receptive to European initiatives.

In general terms, certainly the most relevant question to answer is how can pushing for the UfM help meld the Barcelona Process and the Neighbourhood Policy under this new umbrella without giving up on introducing added value. Merely adding projects cannot answer this question. Nevertheless, it is interesting to try to identify the candidates.

#### **4.3. A UfM in search of projects...**

The idea of projects serving as catalysts for efforts to bring about change deserves to be treated with interest. The diagnosis that the Euro-Mediterranean Partnership is too diffuse and fragmented, and that its effects lack visibility and appeal, is essentially correct. Implementation of structure-building projects at the regional level might alleviate the shortage of incentives and participation that the Partnership offers to MPCs. This might also help facilitate south-south integration in those areas where trade mechanisms have been unable to overcome the geo-economic fragmentation of the southern rim of the Mediterranean.

Having argued that the projects have a desirable euro-mediterranean character, the next issue is to identify the sectorial and geographic areas in which they will be applied. The sectorial approach is recommendable for addressing the most pressing structural, economic and institutional weaknesses. The sub-regional dimension



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seems to be the most opportune, given the specificities present in the Mediterranean basin, maintaining the anchoring approach of regionalism in those areas where common elements prevail. Meanwhile, the process of identifying projects should keep in mind their viability, but not renounce taking on projects in sensitive sectors. Without trying to be exhaustive and not necessarily in order of priority, one might consider projects in the areas of rural development, infrastructure (energy, transport, health, water resources and development poles) civil society, education, the environment, and small and medium-size businesses, among others.

Rural development is one of the areas in which the consensus among academics and analysts as to its importance and how it has been insufficiently addressed by the Barcelona Process is inversely proportional to the enthusiasm shown by politicians on either rim of the Mediterranean. In some MPCs, nearly half of the working population depends on farming and the countryside is home to the greatest levels of poverty. However, traditionally agriculture has been left out of Partnership Agreements or treated as an exception. The nature of agricultural and rural challenges does require more than trade; or, said another way, being able to reap the benefits of trade is only one aspect, and perhaps not even the most important one, of the agricultural sector modernization. The need to modernize agriculture and prepare it for competition – but above all so it can play the role assigned to it by development economics – makes it a top priority of an approach based on projects. In this case, a Mediterranean scale might be adopted because the problems are largely shared.

Infrastructure is another key element. The focus would be sub-regional, with a consequent emphasis on physical vertebration. In some areas infrastructure is a response to shared needs, such as for instance energy or transport infrastructure. In both cases the European Commission has made proposals that have not quite led to concrete results, and this would be a good opportunity to breathe new life into them. For instance, Europe's new interest in energy security could facilitate the Europeanization of the Mediterranean energy space. Other kinds of infrastructure that have been proposed are those related to health care (facilities), management of water resources and promotion of industrial clusters, but this could be extended to a variety of public services. The kind of infrastructure to prioritize will depend on the financing provided, and above all on whether the private sector can be persuaded to get involved, as it will be discussed further on.

The idea of creating poles of competitiveness is somewhat obsolete these days. The prevailing concept, much more complex but also more structure-building and promising, is that of promoting *clusters*. These are more than just industrial poles to the extent that they bring together education and training, participation by companies, large and small, and from a variety of countries, as well as civil society. They can be designed as cross-border, urban or rural (or mixed), sectorial (industrial, agricultural, services or a combination of all of them.) This is another operating vector which must be retained and developed in order to try to integrate the microeconomic dimension into the macroeconomic approach that has tended to dominate the Barcelona Process and the Neighbourhood Policy.

However, there are non-economic projects which are essential in the development of MPCs. Institutional reform is in fact one of the key goals of the Neighbourhood Policy, so there would be room for that kind of project. One of the areas of operation on which there is most consensus is that of strengthening civil society. In this area,

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progress is very difficult along MPCs, but under no circumstances should it be abandoned because of the obstacles posed by the institutional framework and political pressure from its governments. Another key institution is the civil service, the reform of which has also been promoted (and financed) as part of both the Barcelona Process and the Neighbourhood Policy.

Among the non-economic UfM proposals, the French approach has from the beginning emphasized education. Analysts agree here as well that this is a sector in need of improvement. In a first analysis, the proposal to create a kind of Mediterranean Erasmus program, while interesting, does not seem to address the fundamental shortages in the region's educational system, which center around basic education and vocational training. The French idea seems more geared toward luring away gifted students than fixing the region's educational problems. If it is an extension of, say, the French *lycée* system, it is not clear how the project could be of any interest whatsoever to the vast majority of students in MPCs. Besides repeating the error committed by most MPCs in stressing university studies when it comes to spending educational resources, this idea might restrict the benefits of educational programs to those who need them the least. Indeed, professional workshops or any other vocational training programs might have more impact, and potentially broader external effects, than a huge and untargeted program of university exchanges that is costly and difficult to manage with selection criteria guaranteeing excellence.

Another kind of project, somewhere between institutional and infrastructure, would be environmental programs. In fact, in some proposals they top the list of priorities. And certainly this is an important issue in which commitments might be easy to attain, conflicts rare and of scant political sensitivity, and the possibility of identifying concrete projects and carry them out, high. In other words, it could be done formally at low cost across the board. This is an issue that politicians love: it sounds great, is easy to sell, can be defined clearly and is widely accepted. It is a far cry from democratization, dialogue with moderate Islamists or free trade in agriculture, to cite but three examples. However, it is difficult to envision major, structure-building environmental projects that will have real impact on the living standards of the poorest sectors of the population. This dilemma can be overcome by incorporating the environment not as a project but as a necessary component of any project undertaken by the UfM. There are clear environmental components in projects related to rural development, energy, infrastructure and public services, the strengthening of civil society or the reform of the environmental policies of MPCs themselves.

Another relevant aspect is that of launching projects to stimulate businesses, especially in the area of small- and medium-size companies (SME's). The private sector's lack of interest in the Barcelona Process and the Neighbourhood Policy is one of the criticisms most commonly made of both initiatives. They are also usually described as unable to provide incentives for improving business productivity. In fact, some initial French proposals seemed to interpret the economic dimension of the then "Mediterranean Union" as a "Union of companies"<sup>11</sup> in which the latter can carry

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11 For instance, the recently created Fondation pour le Monde Méditerranéen, already prefigured by the IPEMED and earlier by Calame, defines itself as "the instrument through which companies will define and carry out their development projects for the region". See: [www.ipemed.coop](http://www.ipemed.coop). This case

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out investment plans. This dimension of the French proposal recalls the U.S. approach that began in Casablanca (November 1994), which involved putting business leaders in touch with each other and through them boosting relations between the two countries, as an alternative to the Barcelona Process. The idea was thwarted by the deterioration of the situation in the Middle East. The method was to hold meetings among businessmen, with a government presence that was reduced in comparison to what it would be under the Barcelona system. This business dimension deserves attention because it clearly constitutes one of the shortcomings of both the Barcelona Process and the Neighbourhood Policy: the scant business ties between the north and south and their reduced presence in a partnership that essentially exists among governments and bureaucracies, which, in the case of MPCs, are strengthened by this kind of relationship.

These are, however, two very different dimensions of business activity. In reality, major companies on either side of the Mediterranean do not seem to have difficulties in finding each other and discussing their business plans. The main concern of European companies is the high level of country risk in MPCs. It might be even more important to facilitate the activity of SME's. But this is such a broad area that probably the best way to specify a project adequately is, once again, through an institutional reform of the business activity's legal and institutional frameworks. In this way, the results of the *mise à niveau* programs carried out in Tunisia have been reasonably positive, while in Morocco they have barely had any effect. It seems more attention is needed for programs of technical assistance and training of SME's, as the results of the MEDA programs in this area have been very meagre.

In any case, the idea of a "UfM *with* projects and *with* companies" deserves to be explored in detail. But in the process of establishing clear priorities among projects, it is also necessary to specify what resources are available and with what kind of financing and management they will be carried out. Certainly, one key aspect will be the role assigned to companies.

#### **4.4. ... and resources to fund and manage them**

As has already been stated, perhaps one of the most ambiguous aspects of the UfM is its financing. MPCs ask themselves, quite legitimately, where the financing to fund these projects will come from. The Barcelona Process and the Neighbourhood Policy have a budget which, although it might seem small, comes from EU funds and is therefore quite stable and predictable. The initial French proposal called for resorting to all kinds of financing, both private as well as public, including the European Investment Bank, the EU's Mediterranean programs, remittances from emigrants, private companies and even the Gulf Cooperation Council as a way to pool financial resources (allegedly, this is one of the *raisons d'être* for the inclusion of the Arab League). In general, although the proposal has not been hammered out in detail, it at least acknowledges that a mobilization of financial resources is needed, as well as greater consistency in their management. In other words, the diagnosis is basically correct: more resources are needed, and its management must be improved.

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involves a union of major companies, even though this proposal has the stated goal of encouraging small- and medium-size companies.

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One of the recurring themes of this debate has been the idea of creating a Euro-Mediterranean Investment Bank. Different versions of this initiative have the support of the main Mediterranean Member States of the EU, but other Member States and the European Investment Bank are not so enthusiastic. Until the emergence of the current financial crisis, many analysts felt that what was needed was not funding, but rather projects worthy of being funded. Paradoxically, the current international financial stress does not seem to have increased the proclivity by the EU to create such a new institution. Given the widespread financial difficulties experienced by EU Member States, these financial tools face increased reluctance from the EU side. However, the existence of such a financial institution would indeed show a political commitment and strengthen the degree of institutionalization of euro-mediterranean relations. Spain, for instance, has proposed a financial institution for the region, an approach that could be part of the idea of a "Union of agencies" and pave the way for a future bank.

As mentioned above, another important aspect is strengthening the role of the private sector in financing projects. There are projects (energy, public services) which can rely on strictly private financing schemes and mixed options like Public-Private Partnerships (PPP), and could channel an eventual pool of resources. However, projects such as rural development, the strengthening of civil society and civil service reform, to cite just a few, require public financing. One idea suggested in several initial proposals was that of trying to utilize remittances from MPCs emigrants to finance the private sector in their home countries over the medium and long term. This aspect is important because many MPCs receive significant amounts of remittances, although no mechanism has yet been suggested that would be attractive and safe for emigrants, and at the same time capable of channelling these savings toward productive activities. Although it is difficult to design a way to handle these funds, because in the end they are private transfers, this dimension certainly demands further study.

In spite of such innovative design for funding, at the end of the day, at least by now, it seems clear that the bulk (if not the entirety) of the financing would come from the EU and its current Mediterranean budget. EU Mediterranean funding has systematically been criticized for its scarcity. So, even in the presence of the significant increase planned, it is difficult to foresee how the already limited amount of funds allocated to both the Euro-Mediterranean Partnership and the Neighbourhood Policy will be able to nurture the ambitious collection of projects proposed by the UfM. A more serious evaluation of the financial needs and a rigorous prospective analysis of where such funds may come from is clearly needed.

## **5. FINAL REMARKS**

By now it is clear that the original French proposal has been severely fleshed out, Europeanised and provided with more specific contents and institutional procedures. It is possible to discuss whether the initial proposal has been devaluated or empowered, but this would probably be a useless debate. The most relevant issue is that the French proposal has set the euro-mediterranean agenda during the last years and injected some new political impetus. However, the Barcelona and Neighbourhood *acquis* has been respected, and the UfM inscribes now in their continuity instead of representing a rupture. From an operative perspective, it

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remains to be seen how the UfM imbricates with both the Euro-Mediterranean Partnership and the Neighbourhood Policy.

A second question is how EU's Member States and MPCs will channel their preferences through the new institutional setting. This is especially relevant for MPCs, whose preferences seems sometimes alien to the intra-European debate. The co-ownership principle embodied in the Co-presidency gives more voice to MPCs, but it raises two problems. The first one is that the Co-presidency innovation is revealing itself as full of rough edges. As discussed in a previous section, the new Co-presidency figure has contributed to the frustrating paralysis of the UfM Secretariat. The second is perhaps a more fundamental one, and relates to the fact that, as often happened in the past, ownership may be captured by the governments and the ruling elites to project their own preferences, not their citizens' preferences, not to speak about the demands from the poorest segments of their societies. Governmental ownership may further empower governments at the expense of MPCs societies. The UfM should not mean a European capitulation to address the harsh political and socio-economic MPCs realities.

The projects proposed by the UfM are in fact more in line with EU's Member States preferences than to the vast majority of MPCs population. The dynamics of not dealing with relevant issues in order not to bother MPCs governments (democracy, human rights, institutional and economic reforms, civil society...) nor EU's sensitive sectors (agriculture, labour movements, funding increases...) to focus on EU's Member States immediate interests (energy, environment, university education) is not sustainable in the long run. It is true that other UfM's projects, such as maritime transport improvement, support to SME's or civil protection cooperation are more in line with MPCs preferences. But by no means represent key priorities for MPCs governments, nor for their societies.

The latest developments show that without the political will to tackle the fundamental issues, the UfM risks to become another euro-centric and sophisticated diplomatic exercise with a co-owned institutional dressing but little substance for improving the living conditions of MPCs populations. If so, the UfM will not live up to the Barcelona principles of achieving shared prosperity and peace in the Mediterranean. These principles call for extending the UfM to new and more relevant domains for MPCs needs, as well as setting a credible and recognisable target that allows Mediterranean political, social and economic actors to adapt their expectations. For instance, a figure inspired in the European Economic Area but adapted to MPCs circumstances, a long term goal of gradually achieving a Euro-Mediterranean Economic Area, will increase the time consistency of euro-mediterranean policies and send a strong signal to those actors.

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