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Ifrane Workshop Report

September 2007, Ifrane, Morocco



Table of Contents

1.	Executive Summary/Abstract	3
2.	Workshop Programme and Participants	4
3.	Welcoming remarks	8
4.	Introduction	8
5.	Session 1: Research status and administrative issues	8
6.	Session 2: Introduction to MPSG	8
6.1.	Session 3: WP 6 – New Challenges: Enlargement	9
6.2.	Session 4: WP 7 – New Challenges: Domestic reform	9
6.3.	Session 5: WP 8 – New Challenges: Regional integration	11
6.4.	Session 6: WP 9 – New Challenges: Demography and Migration	11
6.5.	Session 7: WP 10 – New Challenges: Geopolitical issues	12
7.	Closing remarks	13
8.	Cultural events	13

1. Executive Summary/Abstract

The GO-EuroMed project consortium held its 4th research workshop in Ifrane from Sep. 9th to 12th, 2007. The meeting was hosted by the Institute of Economic Analysis and Prospective Studies (IEAPS). The location was Ifrane, Morocco.

During the workshop the preliminary results of GO-EuroMed 2nd stage research were discussed. The consortium also worked on further developing the overall perspective to the ENP, tailoring all working papers within the political economy approach. Finally, the consortium also worked on external communication of the expected results, planning PALMs and conferences for scientific dissemination purposes. All partners agreed on strengthening communication with the national delegations of the European Union in their countries.

The GO-EuroMed consortium would like to thank the European Commission Directorate-General Research for their generous support for this project under the 6th Framework Programme. The Consortium also extends its appreciation to the staff of the Al-Akhawayn University of Ifrane, Morocco, whose hospitality made this event a pleasure for all concerned.

2. Workshop Programme and Participants

2.1. Programme

Ifrane Conference Programme, Sep. 9th- 12th 2007

Date/Time	Activity
<u>Sunday 09.09</u>	<u>Arrival of participants</u>
20:00	Welcome Dinner (Location: Faculty Club)
<u>Monday 10.09.</u>	<u>GO-EuroMed Working sessions</u>
10:00 – 10:15	Welcoming remarks by Prof. Rachid Benmokhtar, President of Al Akhawayn University, and Prof. Ahmed Driouchi, Dean of the Institute of Economic Analysis and Prospective Studies (IEAPS), Al Akhawayn University (AUI).
10:15 – 10:30	Introduction by Prof. Michael Bolle
10:30 – 11:00	Session 1 / Stage II: Research status and administrative issues by Pablo Gándara and Mark Furness (logic of 2 nd Stage, milestones, papers)
11:00 – 11:15	Coffee break
11:15 – 12:00	Consortium comments and remarks, general discussion
12:00 – 12:30	Session 2 / Introduction of the Macroeconomic Policy Standing Group (MPSG) by Andreas Kern
12:30 – 14:00	Lunch Break (AUI Restaurant)
14:00 – 15:30	Session 3 / Working Package 6: Chair Belen Becerril Sabanci University: The Impact of EU Enlargement on the EMP Discussants: Poland, Lebanon
15:30 – 16:00	Coffee break
16:00 – 17:30	Session 4 / Working Package 7: Chair Pablo Gándara Al Akhawayn University: Domestic Reform in Mediterranean Partner Countries Discussants: France, Poland, Jordan
19:30	Dinner (Gîte Dayet Aoua)

<u>Tuesday 11.09.</u>	
09:00 – 10:30	Session 5 / Working Package 8: Chair Prof. Anne Lavigne CSS Amman: Regional Integration in the MENA Discussants: Germany, Lebanon
10:30 – 10:45	Coffee Break
10:45 – 12:15	GO-EuroMed Family Discussion: Chair Prof. Michael Bolle
12:15 – 13:30	Lunch (Faculty Club)
13:30 – 15:00	Session 6 / Working Package 9: Chair Pablo Gándara LEO Orléans: New challenges for Demography, Migration and Culture in the MENA Discussants: Spain, Morocco
15:00 – 15:30	Coffee Break
15:30 – 17:00	Session 7 / Working Package 10: Chair Prof. Christophe Lavalie JMC Berlin/ IDEE Madrid: Geopolitical Change in the MENA Discussants: Germany, Spain, Turkey, Jordan
17:00 – 18:00	Closing remarks and comments from the consortium: Chair Mark Furness
19:30	Closing Dinner (Perce Neige)
<u>Wednesday</u> 12.09	Cultural Visit to FES

2.2. 2.2 List of Participants

n°	Name	Last Name	Position	Institution
1	Rachid	Benmokhtar	University President	Al Akhawayn University of Morocco
2	Ahmed	Driouchi	Dean of the IEAPS	Al Akhawayn University of Morocco - Institute of Economic Analysis and Prospective Studies (IEAPS)
3	Nada	Zouag	Research Assistant	Al Akhawayn University of Morocco - Institute of Economic Analysis and Prospective Studies (IEAPS)
4	Amale	Achehboune	Research Assistant	Al Akhawayn University of Morocco - Institute of Economic Analysis and Prospective Studies (IEAPS)
5	Ibrahim	Saif	Director	University of Jordan - Center for Strategic Studies (CSS)
6	Ghassan	Omet	Assistant professor	University of Jordan - Center for Strategic Studies (CSS)
7	Bahri	Yilmaz	Professor	Faculty of Arts and Social Sciences, Sabanci University, Istanbul
8	Ezgi	Ozgul	Research Assistant	Faculty of Arts and Social Sciences, Sabanci University, Istanbul
9	Sibel	Oktay	Research Assistant	Faculty of Arts and Social Sciences, Sabanci University, Istanbul
10	Jamil	Mouawad	Associated fellow	Lebanese Center for Policy Studies, Beirut
11	Belen	Becerril	Vice Director	Instituto de Estudios Europeos, Universidad San Pablo, Madrid
12	Lucana	Estévez	Research Assistant	Instituto de Estudios Europeos, Universidad San Pablo, Madrid
13	Anne	Lavigne	Director	Laboratoire d'économie d'Orléans, CNRS
14	Christophe	Lavialle	Assistant professor	Laboratoire d'économie d'Orléans, CNRS
15	Beata	Jagiello	Assistant professor	International Security Department, Warsaw School of Economics
16	Malgorzata	Gracik	Research Assistant	International Security Department, Warsaw School of Economics
17	Aleksandra	Galek	Research Assistant	International Security Department, Warsaw School of Economics
18	Marcin	Zbytniewsk	Research Assistant	International Security Department, Warsaw School of Economics

19	Michael	Bolle	Director	Jean Monnet Centre of Excellence, FU-Berlin
20	Mark	Furness	Research Assistant	Jean Monnet Centre of Excellence, FU-Berlin
21	Pablo	Gandara	Research Assistant	Jean Monnet Centre of Excellence, FU-Berlin
22	Andreas	Kern	Research Assistant	Jean Monnet Centre of Excellence, FU-Berlin

3. Welcoming remarks

Prof. Rachid Benmokhtar, President of Al Akhawayn University, and Prof. Ahmed Driouchi, Dean of the Institute of Economic Analysis and Prospective Studies (IEAPS), Al Akhawayn University (AUI) welcomed the GO-EuroMed consortium at Ifrane. Prof. Benmokhtar underlined the importance of joint research and the Go-EuroMed network in the region. He talked about the main issues to keep in mind (sources of tension between MENA and EU, water issue, social issues, human development, religion, Migration...). Prof. Benmokhtar also stressed the role of Al Akhawayn University in the transition taking place in Morocco (democratization, transparency about the past, 2002 family code, human rights, economic reforms...).

4. Introduction

Prof. Michael Bolle (JMC Berlin) presented a proposal for an overall theoretical approach for assessing stage 2 research. The presentation called “The Barcelona Process: an analytical view, some anecdotal evidence and an assessment proper” underlined the complexity of EMP’s decision making process, assessing distribution of power, the shaping of national interests and ordering preferences of EMP members. Prof. Bolle drafted a framework for a systematic overview of EMP possible policy outcomes. Parametrical shocks and endogenous factors were identified, concluding that the political framework of the EMP is inherently stable. Summing up, the EMP may be assessed as a subgame imperfect Nash-Equilibrium with multi-peaked Pareto-Optima. After Prof. Bolle’s presentation there was a vivid discussion, with comments and proposals from most of the consortium’s partners.

5. Session 1: Research status and administrative issues

Pablo Gándara and Mark Furness presented the logic of GO-EuroMed 2nd Stage, including deadlines, milestones, and paper’s progress. WP Coordinators should keep on looking after coherence and define a common bottom line of the single contributions.

6. Session 2: Introduction to MPSG

In order to provide an Egyptian perspective on the Euro-Mediterranean Partnership (EMP) economic reform process, the GO-EuroMed Macroeconomic Policy Standing Group (MPSG) has been established recently. Andreas Kern (JMC-Berlin) presented this unit, whose aim is to consider implications of Egyptian governance as a benchmark case for economic reform in the wider south Mediterranean region. The study builds on the GO-EuroMed consortium’s work on trade and investment in 2006. It will also complement research in 2007 and 2008 dealing with the challenges of regional integration and domestic reform in MENA countries and institutional

governance strategies for the EMP during the next decade. The study will be guided by the question of whether the EMP framework is influencing domestic macroeconomic policymaking in Egypt and other Mediterranean Partner Countries (MPCs).

Andreas Kern introduced two planned working papers: 1) The ENP as Macroeconomic Policy Anchor, and 2) Financial Governance in the MENA. For both papers Mr. Kern presented the key assumptions, the questions to be answered and the expected outcome.

The timeline of GO-EuroMed's MSPG foresees a meeting in Cairo by January 2008.

6.1. Session 3: WP 6 – New Challenges: Enlargement

WP6 Coordinator is Turkey. The first report was presented by Sibel Oktay (Turkey), dealing with the impact of the Eastern Enlargement of the EU on the Euro-Mediterranean Partnership. Analysing the preferences and priorities of the incoming member states, she stated that those are dominating the EU and thus influencing the EMP negatively. The second report was given by Ezgi Ozgul, whose paper is about the Trade impacts of EU enlargement on Mediterranean Partnership Countries. By giving a Macroeconomic comparative analysis of development and perspectives of new EU members (CEECs), EU candidate countries (incl. Turkey) and MPCs, he emphasizes the competitiveness of trade by providing different indicators. Poland, responsible for the 4th working paper, presented their paper on the impact of the enlargement on the Barcelona Process. This is supposed to be measured by comparing macroeconomic developments and evaluating macroeconomic perspectives of the new members of the EU, Turkey and MPCs. It was stated that the enlargement is going to have an impact on policy shaping in the EU and thus the ENP, which is to be seen not only as an economic policy, will replace the EMP. Due to this the Eastern neighbors are going to gain advantages. The last presentation was given by Jamil Mouawad (Lebanon) on working paper two on the influence of the new member states in shaping the EU policies towards the Mediterranean. One issue risen here was the question on how one could complement the EU's top-down approach with more ideas and initiatives from the regional governments. Prior to that, the perceptions the new member states have of the Eurozone as well as the one the EU has of the Mediterranean need to be clarified.

6.2. Session 4: WP 7 – New Challenges: Domestic reform

WP7 Coordinator (Prof. Driouchi) presented the outline of WP7 which includes the Polish, French and Moroccan contributions. The first report was presented by Ms. Aleksandra Galek (Poland) where she analyzed the reforms about privatization in terms of efficiency and performance. She explained the poor outcomes for MENA countries by weak government and lack of proper institutions. She then moved to the trade reforms that affect the openness of the

economy. Concerning the foreign exchange regimes, MENA countries kept the exchange rate regime fixed for a long time and then didn't follow the worldwide trend. The second report was presented by Mr. Marcin Zbytniewski who emphasized his paper about political reforms on the cases of Jordan and Morocco. He presented some of the issues faced by the countries in relation to funding which privileged economic reforms over the democratic promotion. So, what is the role of EU in the democratization of MENA countries? Does giving money to governments represent the best way to support political reforms? Mr. Zbytniewski makes some future comments about supporting independent NGOs and political parties especially the opposition. The third report was presented by Dr. Beata Jagiello who underlined that domestic reforms are also a process of social and cultural change. She emphasized her presentation on the role of external actors (UN, EU, USA, G8) and regional ones (Arab league, business community, religious circles). For example, the EU will replace the US in taking regional initiatives on social matters or democracy processes. The Impacts of reforms' report was presented by Prof. Driouchi using different indices at the aggregate level to reach the results. It is hard to identify 'domestic reforms'. Most political and economic reforms are induced externally and are similar to those happening in other developing countries: they are mainly second generation reforms after the structural adjustment. Instruments that have been used are similar to those observed elsewhere as a response to the trend of globalisation and liberalisation. Some countries pursued social reforms in terms of general approaches to human development. The existence of oil makes a difference within the MENA countries. There are also differences between countries that are differentiating their economy and are importing labour. Economically, oil exporting countries are doing well but not so, socially. The economic and financial situation is evolving correctly in general but there are important variations among countries. Social indicators are not good as it is clear for governance indicators (WB) and corruption perception index. Countries are not performing well in terms of health, education and access to knowledge especially for non oil exporting countries. When comparing the region with other developing countries, reforms take longer to be implemented and the impact is slow to be observed. Many hypotheses have been made to show the next direction of research.

The report of the French team was made by Dr. Christophe Lavialle about the nature of domestic reforms that is a matter of political economy. It depends on the nature of the social contract, and therefore on the nature of social and political equilibrium that sustains it. The main stumbling blocks concern the whole institutional array and not only one aspect of it. In this institutional capitalism and this type of social contract, countries have added coherence. There is also a need to evolve the role of the state in a regulatory state – need to link economic, political and social reforms. The problem though is to convince lobbying groups of the benefits of

reforms as well as to improve the participation of the civil society, and distinguish middle classes which could be crucial in the promotion of reforms.

The last report in WP7 was made by Dr. Ibrahim Saif (Jordan). He presented the case of Jordan where reforms were crisis driven. The mobilization of people in the street usually happens for social reforms. Reforming bureaucracy means that public sector employees feel threatened. The government, NGOs and the parliament are the main actors in political reforms. In MENA countries civil society is not very strong.

6.3. Session 5: WP 8 – New Challenges: Regional integration

WP8 Coordinator is the CSS Amman (Jordan). The report of the working package was presented by Pablo Gandara (Germany) and was about the role of Energy for regional integration. It is pivotal because of the energy complementarity between EU and MPCs. He presented some issues related to the kind of obstacles met. Another obstacle is related to national regulations: there should be stronger European coordination. Energy liberalisation policies deliver asymmetrical adverse outcomes (energy can become more expensive). Both South-South and North-South integration should be considered. Theoretically, energy is considered as a regional public good. Morocco has a transit country status in terms of gas and oil together with Tunisia and Turkey. So, strong cooperation between EU and all Maghreb is logical. There is basically no institutional cooperation. Action plans and EIB loans. Private sector is very committed and there is a mismatch with political commitment, which is not as strong. Energy cooperation should be an integral part of future FTAs with MPC.

6.4. Session 6: WP 9 – New Challenges: Demography and Migration

WP9 Coordinator (Prof. Anne Lavigne) presented a first report about migratory pressures from South to North. What will be the economic consequences of such pressure? Starting from data on demographic trends in the region, a decline in mortality for aged less than 5 was observed as well as an increase in life expectancy and a slow down of population growth. This leads to an increase in the working age and therefore to migratory pressure.

How can migration be a win-win process?

- Replacement migration;
- Migration and remittances (as an external financing device or just a way to increase consumption?);
- Migration and aging (intergenerational transfers: impact on labour market and welfare)

Success of remittances policies depend on association agreement with the EU. However, they are not an efficient means for poverty reduction.

Another part of the working package deals with the variety of cultural values and the role of education and research in the improvement of intercultural dialogues. The heterogeneity of cultural values should be considered: civic values, social capital values and gender equality. Education is an important key: adjust the educational system in order to include information about both sides of the Mediterranean.

Research can be conducted both in North and South.

So, new generations will know more about each other. There are bilateral organisations involved in this type of exchange. NGOs have been actively pushing for the reduction of the knowledge gap.

The second report was presented by the Spanish team and was focused on the success stories: Erasmus. It is not expensive and is on a voluntary basis where recognition of academic titles is given.

The third paper is written by both Dr. Driouchi and Prof. Thierry Baudassé. The report deals with social capital together with elements such as honesty and trust. How these elements can be dealt with through economic instruments. Human values are converging across EU and MPC.

6.5. Session 7: WP 10 – New Challenges: Geopolitical issues

WP9 Coordinator (JMC Berlin / IDEE Madrid) works on the Geopolitical change in the MENA. The first report was presented by Dr. Mark Furness and emphasized many geopolitical changes in the region. The regional security in MENA can be solved by developing an institutional framework for cooperation. However, the political conflicts in the region lead to the assumption that the security in the MENA affects the security of other countries. Governments are caught in a prisoner's dilemma since they know that cooperation would be the best to ensure security but they cannot commit to it. Therefore, they settle for a suboptimal outcome.

Institutions are rules that stipulate how states should cooperate and compete with each other.

The historical facts that show the reasons behind mistrust between Arab countries in terms of cooperation are considered. Thus the problem of mistrust is an important key.

The role of external actors is emphasized. The security cooperation must be guaranteed by external actors because governments are not enough to maintain commitment. British and French introduced the system of sovereignty in the MENA. Introduction of the western idea of collaboration is considered. The second report was prepared by Serdar Yilmaz, presented by Sibel Oktay (Turkey) and contains the following outcomes. The differences in identities, religion and ethnicity lead to mistrust. This, in turn, leads to difficulties in creating a region-wide security network. Modernization and globalization are strong currents in the region, but societies lack political institutions to support them. There is a political vacuum and persistence of sub state

actors instead of governments. Multiplicity of sub state actors leads to the decrease in legitimacy of political institutions. There is no balance of power in the region.

The third report was presented by the Spanish team and dealt with external actors. The preferences of external actors may also be heterogeneous. In this case their influence in security issues in the region is limited. Common elements of external actors (EU, USA) are the peace process, the fight against terrorism and political and economic reform.

The fourth report was presented by Prof. Ibrahim Saif (Jordan) and focused on the non state actors. The paper considered the non state actors to be Islamic such as the Muslim brotherhood in Egypt, Islamic action front in Jordan and Hezbollah in Lebanon. The paper also considered the political economy aspect in terms of the borders of the region and the history (economic growth, political system: the region looks like being successful but afterwards problems arose). The key issue that shapes the region is the Arab-Israeli conflict. However, actually, it is not the only centre of crisis: Iraq, Iran, and Israel-Palestine. What happens to the region affects the US and the EU and in the same time, the Arab people strive to be more involved in political and economic life in their countries.

7. Closing remarks

Mark Furness summarized the future events for the coming year and the deadlines for the remaining of phase 2 of the project. Stress was made on the communication between the members of the same working package and the members of the consortium as a whole. Dates for the next meeting in Madrid were proposed – by the Spanish team – but not yet finalized.

8. Cultural events

The Institute of Economic Analysis and Prospective Studies (IEAPS) of Al-Akhawayn University organized a visit to the imperial city of Fes.