



European  
Research Area

# EUROPEAN POLICY BRIEF



**GO-EuroMed**

**‘The Political Economy of Euro-Med Governance’**

Ongoing Project

## SUMMARY

### **Objectives of the research**

The Euro-Mediterranean Partnership (EMP) has been extensively analysed since its launch. But much of this research and commentary has aimed to judge the EMP’s progress towards its stated goals of achieving a shared area of peace, stability and prosperity in the Mediterranean Basin. The GO-EuroMed consortium’s intention has been to identify institutional design and management strategies for furthering the EMP’s governance objectives.

### **Scientific approach / methodology**

In methodological terms the GO-EuroMed project is theoretically and empirically grounded. The approach has been to assess the EMP based on an understanding of its performance as a framework for bargaining among its participant actors, and its results in terms of political and economic outcomes at the domestic, bilateral and multilateral levels.

### **New knowledge and/or European added value**

The EMP should not be judged as if it was an endgame – rather, it should be interpreted as a negotiated framework upon which to build future negotiations. Thus, the proposed Union for the Mediterranean proposal could change the framework for negotiations, provide new political drive and improve the efficiency of Euro-Mediterranean bargaining on specific issues.

**Key messages for  
policy-makers,  
businesses,  
trade unions and  
civil society actors**

It is important for analysts assessing the progress of cooperation under the Barcelona Process to remember that the proposed Union for the Mediterranean (UPM) is not designed to foster political reform in Mediterranean partner countries. Rather, it is a proposal to improve the efficiency of bargaining on specific issues where mutually beneficial outcomes are likely, based on bargaining among sovereign governments in a multilateral framework. The UPM has the potential to provide significant impetus to Euro-Mediterranean relations so long as it is implemented according to the principles of its design.

**Objectives of  
the research**

The Barcelona Process has the potential for bringing about political and economic stabilisation – a public good – in the Mediterranean basin. Designed for promoting a region of shared prosperity, the EMP aims to achieve socio-economic and political goals through coordination and cooperation among the region's governments and the EU. But since the EMP's launch in Barcelona in 1995, many commentators have expressed disappointment that it has not lived up to the high expectations its launch raised.

The GO-EuroMed consortium's intention has been to assess the EMP according to its performance as a framework for bargaining among its participant actors, and its results in terms of political and economic outcomes. The aim has been to identify several issue-areas where new institutional design and management strategies within the current EMP framework could provide benefits at domestic, bilateral and multilateral levels.

**Scientific approach /  
methodology**

In methodological terms the GO-EuroMed project is theoretically and empirically grounded and draws from several relevant academic insights into political and economic governance issues. The project's principle approach consists of the rigorous empirical testing of carefully designed theoretical hypotheses. All of the project's working packages aim to clearly identify causal relationships and independent variables in Euro-Mediterranean relations. It is only through the corroboration of theoretical perspectives with empirical data that the project's scientific and policy goals can be achieved. The project's empirical strategy has been to discern general patterns and fundamental relationships and to test these using in-depth case studies. This process has the dual function of exploring the empirical record while contributing to theory-building.

The project's structure is conducive to this approach, as it deals with economically oriented research questions with a clear focus on data analysis. GO-EuroMed's Working Packages have been designed to meet standard comparative political economy criteria. Progress has been measured against existing data available from many sources, including the OECD, UNDP, IMF, World Bank, WTO, ILO, Polity and EuroStat. The project's empirical approaches have been complemented by the analysis of secondary literature and relevant policy documents, and by closely monitoring media sources in order to track regional developments as they unfold.

The GO-EuroMed Project was divided into three stages.

Stage 1 was directed towards improving academic and policy literature concerning the political economy of governance in the Euro-Mediterranean Partnership.

Stage 2 dealt with the key challenges that the Euro-Mediterranean partnership will face during the next decade.

The goal at stage 3 was to identify domestic, bilateral and multilateral institutional strategies capable of providing concrete benefits to governments and peoples on both sides of the Mediterranean Sea.

### **New knowledge and European added value**

When we consider the EMP as a simple bargaining structure with two groups of actors – European countries on one side and Mediterranean partner countries on the other – the weaknesses in the institutional setting quickly become apparent. European countries have diverse interests regarding the Mediterranean, but are able to use the EU as an equilibrating mechanism to reach a common bargaining position. The EMP, with its objectives, budget and organisational structure, is the outcome of this intra-EU process. On the south Mediterranean side governments also have diverse interests and priorities towards the EU. But as no equivalent equilibrating mechanism exists, each country tries to pursue its interests independently and competitively. This creates problems for MPCs faced with the prospect of negotiating with a huge bloc. It also creates problems for the EU, which is faced with 10 negotiating partners with diverse preferences, all of which it must try to satisfy at the same time.

The results of the EMP's first 13 years have been mixed, and most analysts have been disappointed with progress in the three baskets. Political and security cooperation, in particular, has been slow – ambitions to build a comprehensive,

formal regional security agreement quickly reached deadlock, the Euro-Mediterranean Charter for Peace and Stability was shelved in 2000, and the region's governments have entered into bilateral cooperation on illegal migration and terrorism outside the EMP framework. In the economic and financial basket, there have been more windows of opportunity, especially in energy and macroeconomic governance. But progress has been piecemeal and beset by deadlocks, especially in agriculture and services. Initiatives conducted as part of the socio-cultural basket, designed to support progress in the first two baskets, have not increased the role of civil society actors in the EMP and have struggled to reach a broad public in south Mediterranean countries.

The two main reasons for this mixed progress are the varied intensity of EU member and Mediterranean partner governments preferences for closer cooperation under the EMP, and the asymmetric nature of the rules of the game, which are heavily weighted in Europe's favour. Nevertheless, the EMP framework remains in place, and the region's governments have agreed that it is in their interests to try to revive cooperation under the Mediterranean Union.

Several potential stumbling-blocks remain to be overcome if the UPM is to make a positive impact on the Mediterranean basin. In the set-up phase the most intensive bargaining has involved the precise mandates of the various UPM institutions the role of governments in these institutions. The outcome of bargaining on these details will reflect the political will of actors on both sides. For the EU and its members, the temptation to try to retain control of the process is high, especially as the European Commission's technical expertise will be called upon as institution-building proceeds. But efficient outcomes that benefit all actors are unlikely unless MPCs are given a real say in decision-making. For south Mediterranean governments, the inability to form a common position towards Europe has long been a problem. While political reality suggests that Turkey, Israel, Arab states from the Maghreb and Mashreq, and new MPCs from the Western Balkans are unlikely to come together on many issues, the Arab countries in particular would gain significantly if they are able to use the UPM framework to formulate joint bargaining approaches.

It is important for analysts assessing the progress of cooperation under the Barcelona Process to remember that the proposed UPM is not designed to foster political reform in Mediterranean partner countries. Rather, it is a proposal to improve the efficiency of bargaining on specific issues where mutually beneficial outcomes are likely, based on the equal relationship of sovereign governments in a multilateral framework. Over time, this framework has the potential to expand

into more controversial policy areas, including those where negotiations have reached effective deadlock under the EMP. The expectation should be that by encouraging commitment to a framework in which MPCs have a real stake, concrete benefits may accrue to all partner countries.

**Key messages for  
policy-makers,  
businesses,  
trade unions and  
civil society actors**

The GO-EuroMed consortium has identified several issue-areas where new institutional design and management strategies within the current EMP framework could provide benefits at domestic, bilateral and multilateral levels. A new bargaining framework that enables greater MPC participation in decision-making is required if progress is to go beyond ad-hoc cooperation initiatives.

At the domestic level, promising areas include intellectual property rights protection and the legal environment for business. In these areas better institutions, including reforms modelled on the *Acquis Communautaire*, could protect private sector actors while avoiding clashes with the core interests of MPC ruling elites. Intellectual property rights have been stressed as an important element in the free trade agreement between the EU and Morocco.

Bilateral agreements outside the EMP framework are a key aspect of Euro-Mediterranean relations. This is especially the case in issue-areas where governments experience strong pressures from key domestic constituencies. In the case of both bilateral trade and bilateral agreements for fighting illegal migration, an overarching framework setting clearer standards and guidelines would provide gains in terms of efficiency and legitimacy.

At the multilateral level, windows of opportunity exist for institutional strategies aimed at maximising the economic potential of returning migrants, and for improving the efficiency of conditionality based on other multilateral models. New multilateral initiatives in basic education and tertiary research would foster long-term socio-economic development. Macroeconomic policy coordination represents another area in which the EU's expertise could help foster south Mediterranean economic growth.

While taking advantage of windows of opportunity has the potential to create benefits in specific areas, it is unrealistic to expect that they will increase the pace at which the region's governments work towards the EMP's stability and prosperity goals. The existing institutional setting has struggled to cope with the diverse interests of the region's governments, leading to calls for change.

The Union for the Mediterranean proposal, expressed in the Commission's May 2008 Communication, the Joint Declaration of the July 2008 Paris Summit for the Mediterranean, and the Final Declaration of the November 2008 Marseille Ministerial Conference, can be seen as recognition of this problem at the highest level. It deliberately avoids bargaining issues that are likely to result in deadlock. Proposed projects include de-pollution of the Mediterranean Sea; maritime and land transport infrastructure; civil protection against natural disasters; alternative energies, especially solar; a Euro-Mediterranean university in Slovenia; and support for small and medium enterprises. While all of these issues are already dealt with to some extent under the EMP, they are benign enough for partners to be sure that progress can be marked down as a success for the new framework.

The idea of the UPM is to provide Mediterranean partner countries with a greater say in the decision-making process on specific issues where positive-sum outcomes are likely and costs easiest to distribute. Initially, the UPM will focus on relatively uncontroversial projects, but – like most European agreements – the UPM has the heuristic characteristics of a negotiated framework that can be expanded into more sensitive issue areas over time.

There are several issue-areas that would benefit from projects under the UPM. The following five suggestions are intended to highlight issues where cooperation is both feasible in the short to medium term, and likely to develop in ways that assist the long-term sustainability of economic and political stability in the Mediterranean basin.

- Macroeconomic Coordination (EuroMed COMPAS)

Given macroeconomic challenges in the region, COMPAS would focus on the exchange of expertise in the fields of monetary policy making, exchange rate assessment and financial market governance. Firstly, Euro-Med COMPAS could allocate human and financial resources towards technical assistance schemes aimed at upgrading existing frameworks in a cooperative manner. Secondly, upgrading existing Euro-Med Seminars through the organisation of regular conferences and forums would help enhance horizontal and vertical economic integration across the region. As a third instrument, a staff exchange programme among participating MPC and European central banks could be established. This programme would be aimed at enhancing and broadening the professional as well as the intercultural skills of participating members of staff.

- Cross-Border Rural Cooperation Project (Euro-Med CROP)

The proposed CROP development initiative, undertaken by MPC and EU governments under the UPM, would aim to link the rural development process across the region. The first task of such an initiative would be to modernise the agriculture sector. In meeting this objective MPC governments have the most important role, providing incentives and promoting efficient techniques and rural sector employment. This task would be made easier with European assistance and advice to MPC rural communities and agricultural producers on modern cropping techniques, sustainable technologies, more efficient animal husbandry, fertiliser, irrigation, supply chains and managing rural businesses. The primary target group would be small and medium sized agricultural producers facing technological and natural constraints to production.

- The Euro-Mediterranean Micro-Finance Fund (Euro-Med MICRO)

A Euro-Mediterranean Micro Finance Fund could offer finance to small scale borrowers either for start-up or expansion purposes. Loans could be repaid according to either Islamic finance or interest-bearing models. Borrowers could access funds to support entrepreneurship and education, offering women especially access to financial backing.

A further benefit to MPC financial development and overall financial efficiency could flow from the use of savings for investments under micro-credit schemes. Currently, no such micro fund exists, despite the obvious demand for more efficient channelling of the savings – investment flow. Improvements in this area would have almost immediate effects in lifting family businesses out of the informal sector, spreading financial literacy, boosting official employment and increasing overall economic growth.

- Mediterranean Innovation Desk (MID)

A Mediterranean Innovation Desk (MID) based at the UPM Secretariat could coordinate parallel innovation initiatives across the region, supporting the overall work of the Mediterranean Business Development Initiative launched at the UPM Summit in July 2008. The MID would also provide a forum for addressing issues concerning intellectual property rights protection in the Euro-Mediterranean Region.

The MID would have an important role in encouraging interaction among non-governmental actors, national research institutions and entrepreneurs. An online platform offering contacts, news, and information on technology and innovation activities could be established. The MID would also be responsible for

organising international conferences and technology fairs, connecting small business, research and policymaking communities and greatly increasing the profile of entrepreneurship, innovation and technology in the Euro-Mediterranean region.

- Euro-Mediterranean Illegal Migration Oversight Committee (IMOC)

As an adjunct to the Euro-Mediterranean Parliamentary Assembly, this body could define best practices for EU member state and MPC border control agencies, and monitor adherence to these standards. Its day-to-day operations could be coordinated through the UPM Secretariat. Such a body could not have any legal jurisdiction, at least initially. Its role would be to provide independent public oversight, perhaps with the option of case referral to the appropriate court at a later date. Nevertheless, as a UPM body, an illegal migration oversight committee would add official weight and visibility to an oversight function currently conducted by NGOs.

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<b>Website</b>	<a href="http://www.go-euromed.org">www.go-euromed.org</a>
<b>Further reading</b>	The project's scholarly output is extensive: 48 working papers, 13 working package reports and three annual summaries have been published. See 'publications' on <a href="http://www.go-euromed.org">www.go-euromed.org</a> .
<b>Related websites</b>	<a href="http://www.jmc-berlin.org">www.jmc-berlin.org</a>
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