

# Documento de Trabajo

# Working Paper

## The Mediterranean Union: A Union in Search of a Project

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## Summary

A French proposal to create a Mediterranean Union has drawn much attention on the Euro-Mediterranean political scene. So far the proposal is somewhere between vague and indeterminate. It is important for Spain to join this process so as to guide it from the inside with coherent ideas.

## Introduction

The 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 has drawn much attention on the Euro-Mediterranean political scene. 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 the idea of letting Turkey join the EU. Time has shown, however, that the proposal also reflects a view widely shared in France as to the country's strategic position in the Mediterranean.<sup>1</sup>

Outside France, early reaction to the proposal ranged from scepticism to opposition. In fact, one of the paradoxes of the idea is that it has stirred premature nostalgia over the Barcelona Process among some of its most ardent critics. This is especially the case in the academic world, where the French proposal has turned many heads and drawn explicit criticism. As the proposal is still recent, and perhaps because it is short on details, there is still no broad, formal body of literature on the issue. But there have been many articles written in the media, and some working papers. In general, these pieces welcome the French initiative as a potential force for renewal. Then, as expected, they make 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 towards a common foreign policy.

Among member states and the countries of the Maghreb (except Algeria, where the proposal has been received more coolly) the attitude has been one of watching and waiting, without offending the French President, and trying to have an influence on the proposal so as to project each country's own preferences. The European Commission has seen in the initiative a desire to keep it on the sidelines of the Mediterranean Union, and being included later in the proposal does not appear to have appeased the Commission. Perhaps the strongest reaction has come from non-Mediterranean member countries of the EU. They have been excluded from an initiative that still plans to use EU funds. In a speech in Berlin on 5 December 2007, German Chancellor Angela Merkel expressed fears that the Mediterranean Union 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 resources from the EU.<sup>2</sup>

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<sup>1</sup> For instance, the Avicena Report of April 2007, conceived as a strategic analysis of the role of France in the region. It sees a need for a new and more strong-willed thrust in French policy in the Maghreb and the Middle East. Some analysts had already warned of France's tendency to view Euro-Mediterranean relations through the prism of strategic competition with the US, for instance D. Schmid (2005), 'France and the Euro-Mediterranean Partnership: The Dilemmas of a Power in Transition', in H. Amirah Fernández and R. Youngs, *The Euro-Mediterranean Partnership: Assessing the First Decade*, Elcano Royal Institute and FRIDE, Madrid.

<sup>2</sup> EU Observer, <http://euobserver.com>.

With its transformation from election proposal to diplomatic initiative, there is a growing perception that President Sarkozy's idea can be channelled in such a way as to deepen Euro-Mediterranean relations. It seems that the dynamics of Mediterranean geopolitics are entering a new phase marked by the personality of the new French President and his vision of France's place in the international arena, one in which the Mediterranean is a strategic vector. In other words, there appears to be a consensus to the effect that the age, ambition and political ideas of the new President can have a major influence on shaping of Euro-Mediterranean relations in the new few years. For this reason it is a good idea to analyse in detail the possibilities that his proposal opens up for the Mediterranean.

In terms of format, this paper centres on three issues. The first is what direction this reshaping of ties will take, if in fact there is one; in other words, what does the proposal entail and what is its actual content in political, institutional, financial and economic terms. The second issue looks at how to utilise Sarkozy's drive efficiently so that it remains consistent with the current Euro-Mediterranean framework but at the same time builds on it and yields significant progress. With this in mind the second part of the paper reviews and analyses some of the proposals made in recent months. Finally, the third section proposes some ideas for preserving the spirit of the Barcelona Process without missing out on a chance to make substantial progress in Euro-Mediterranean relations.

## A Union of Projects

In the time elapsed between the unveiling of the electoral proposal in Toulon and a speech by Sarkozy as President in Tangiers on 23 October 2007, one can detect how French diplomats have worked to give content to and elaborate on the fine points of an initiative that had been short on details. But the President's determination has not wavered. In the speech at Toulon, once we have removed the electoral component (selective immigration, and an alternative to Turkey joining the EU) and what are seen outside France as excesses of rhetoric (France's civilising mission), there are important messages. In the first place, there is 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'. Sarkozy repeated the idea in his speech in 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 recognised by other member states which had not been terribly interested in the Mediterranean in the past.<sup>3</sup> However, the exact meaning of the sentence is discerned better in another part of the speech, when Sarkozy says that what is at stake in the Mediterranean is French influence in the world.

Secondly, Sarkozy says the Barcelona Process 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 over the rest of the 'baskets', or packages of proposals, of the Euromediterranean Partnership. This can be nuanced by saying that, although tangible results have basically been achieved through free-trade agreements with Mediterranean member states, this should not be seen as a demerit of the economic package but rather as stemming from the apathy of the rest of what is on 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, on the other hand, –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 free trade accords, most of which have yet to reach the phase of substantial liberalisation, have not caused the economies of the

<sup>3</sup> For example, in the case of Germany see A. Jünemann (2005), 'German Policies in the Mediterranean', in H. Amirah Fernández and R. Youngs, *op. cit.*; also V. Perthes (1998), 'Germany and the Euro-Mediterranean Partnership: Gradually becoming a Mediterranean State', *EuroMeSCo papers*, n° 1. For the Scandinavian countries, see T. Melasuo (2005), 'El euromediterráneo cultural y social, y la ampliación de la Unión Europea. Una mirada desde las sociedades nórdicas', *Quaderns de la Mediterrània*, nr 5.

Mediterranean member states to take off or served as catalysts for an overall process of economic and institutional reforms, much less led to the democratisation of the region. But no economist in his right mind would have expected free trade alone to resolve such a complex equation as the development and democratisation of the states on the Mediterranean's southern rim.<sup>4</sup> At most, free trade can contribute to economic development and the modernisation 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.

In the Toulon version of the French proposal, the goals of the Mediterranean Union were stated as the following: devise a policy of *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 further addresses what was stated above); 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, and from Mediterranean member countries of the Partnership. The latter did not seem to like the emphasis on immigration and the defence of French colonialism.

But in the Mediterranean part of Europe, the reaction was mixed. On the one hand, as we have already stated, some countries saw an opportunity to boost relations with the states of the Mediterranean's southern rim. But, on the other hand, there was 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 speech Sarkozy made in Toulon. One French researcher reminds us that 'when France talks about the Mediterranean, it tends to do it to reaffirm its leadership'.<sup>6</sup> In any case, that first proposal had the effect of getting many Foreign Ministry officials to go back to work on the issue of the Mediterranean and giving the impression that something might change in Euro-Mediterranean relations.

The speech Sarkozy gave in Tangiers spoke of the need 'to go further, faster' and begin working at 'another level'. The pace and rhetoric were vintage Sarkozy, but its activism might be healthy for relations whose current framework seems limited, in the absence of a greater level of political commitment. So the political will to advance is welcome. But perhaps we need to reflect on where we are headed before deciding to do it faster. Further? This does not seem to be an appropriate answer if what we want to do is formulate goals and objectives and tools for achieving them. And what is the point of working without considering at what level: a higher one? A more specific one? Transverse? Regional? From the bottom up?

The Tangiers speech shows a greater level of structuring in the French proposals. First, it seeks to amend some of the elements that were most heavily criticised by countries of the southern rim, Brussels and the rest of the EU member states: it endorses the principle of 'equality' to avoid colonialist-sounding connotations, avoids the issue of immigration, foresees participation by the European Commission and presents the Mediterranean Union as a common project that does not seek to replace the Barcelona Process or the Neighbourhood Policy. Secondly, it adds some features

<sup>4</sup> G. Escribano (2007), 'Marruecos y la Unión Europea: 10 años después de la conferencia de Barcelona', in A. Fernández-Ardavín and M. Goded (coordinators.), *Europa y Marruecos. Diez años del Proceso de Barcelona*, Ed. Biblioteca Nueva, Madrid.

<sup>5</sup> The concept of 'selected immigration' was one of the pillars of Sarkozy's 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.

<sup>6</sup> It goes on to say: 'France also seeks to rebalance Europe's foreign policy options: the pan Euro-Mediterranean geopolitics advocated by the Neighbourhood Policy is of no use to the French, who, in the face of the central European prospect, prefer Mediterranean specificity'. Article by Dorothée Schmid in *El País*, 15/VII/2007.

that are general but do provide greater specifics, albeit conceptual and not at the operational level: it proposes a Mediterranean Union that is pragmatic and with variable geometry, gives priority to sectors such as culture, education, justice and health; and incorporates the phrase ‘a Union of projects’ in line with the recommendations of the Avicena Report and other proposals.<sup>7</sup>

It seems that France wants regional cooperation to be based on five institutional initiatives with a highly symbolic content: (1) a Mediterranean Investment Bank similar to the European Investment Bank, an existing proposal that never got off the ground and is not 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 (this position is debatable); (2) an environmental agency with the task of overseeing management of water resources; (3) a nuclear energy agency; (4) an exchange programme for university students along the lines of the Erasmus programme and designed to encourage cultural exchanges; and (5) the creation of a shared audiovisual sector.

Although the exact workings of a Mediterranean Union remain unknown, this approach seems to reflect that of a ‘Union of agencies’ more than one of projects. In fact, the recent proposal by the French Parliament includes the idea of a Mediterranean agency to manage the Mediterranean Union.<sup>8</sup> One might think this is a deliberate strategy to allow the distribution of agencies and thus satisfy all the participants, in which case each one (including Spain, of course) would have to start thinking about which one interests them. But an empty initiative (yet another one, critics would say) is the last thing the region needs.

Aside from creating a Mediterranean Investment Bank and a water-resources management agency, at face value the other three proposals have an unmistakable French flavour to them. Sarkozy has shown interest in assuming a leading role in the rise of nuclear energy as detected in the southern rim of the Mediterranean basin, with his recent visits to Morocco and Algeria, to which one might add Libya, and has proposed making French know-how in the sector available to a future Mediterranean nuclear agency. As for the university exchange programme, one might expect this to channel students from the southern rim to French schools, due to language issues, close ties with universities in the southern rim (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 one speaks of a common audiovisual sector, it does not seem this would have English as its shared tongue.

This apparent lack of precise details in the project lends itself to several interpretations. On the one hand it can be perceived as an exercise in making virtue out of necessity: on the basis of an electoral proposal that is void of content, to transmit flexibility to agree on the fundamental elements, even with regard to what countries would belong to Mediterranean Union. In this scenario it is appropriate to consider contributions from other member states, Mediterranean member states and the European Commission, and it makes sense to seek more proposals and narrow down the project from a constructive point of view. A less benign interpretation would be that the Mediterranean Union is simply an instrument for France to project its power, and that its ambiguity is 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 has also been ventured that the Mediterranean Union might simply be Sarkozy’s ‘Turkish gambit’, erased prematurely due to the predictable and vehement refusal of Turkey to consider any alternative to EU membership.<sup>9</sup>

<sup>7</sup> For example, the IPEMed-CALAME proposals (2005), ‘Quatorze travaux pour la Méditerranée’.

<sup>8</sup> Commission des Affaires Étrangères de l’Assemblée Nationale, Rapport d’Information sur le thème ‘Comment construire l’Union méditerranéenne’, 5/XII/2007.

<sup>9</sup> M. Emerson and N. Tocci (2007), ‘A Little Clarification, Please, on the Union of the Mediterranean’, *CEPS Commentary*, 8/VI/2007.

## Proposals for a Union

In this paper we intentionally adopt a constructive approach, which allows speculation as to what elements could be incorporated to the Mediterranean Union so as to move forward from the current framework. Therefore, we retain the formula of going ‘further, faster’ than has the Euro-Mediterranean Partnership that emerged from the Barcelona Conference of 1995, with the understanding that the new proposal provides an opportunity to revitalise cooperation on both shores of the Mediterranean. This constructive focus is shared by all the documents cited in this study. It is also the essence of the Spanish proposal, which involves precisely going beyond the Euro-Mediterranean Partnership and ‘building a true geopolitical space through the establishment of the Euro-Mediterranean Union’.<sup>10</sup>

To this end the Spaniards have 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 Mediterranean Bank; and in the area of cultural dialogue, regional application of the so-called ‘Alliance of Civilisations’. The proposal also features more ambitious elements, although it still just tries 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 Mediterranean Union proposed by France are substantial. In the first place, by advocating a Euro-Mediterranean Union, it includes EU member states that are not on the Mediterranean coast and grants a prominent role to the European Commission. For many observers and for some non-Mediterranean member states, this issue is key. A Mediterranean Union separated from the EU is unthinkable because in economic terms it would mean renouncing the use of Europe-wide instruments such as the common trade policy.<sup>11</sup> In political terms it is important because only by including non-Mediterranean member states can one expect to retain their interest in the region and avert a greater imbalance in favour of Eastern Europe in the EU’s foreign policy.<sup>12</sup> The proposals that are most in favour of a Mediterranean Union solve this double problem with a certain degree of haste: the Mediterranean Union should be built precisely on the sidelines of the EU, with non-Europeanised policies to which one can apply the principle of subsidiarity; and the ‘German problem’ can be resolved by resorting to the mechanism of enhanced cooperation.<sup>13</sup>

<sup>10</sup> Ideas expressed by Miguel Ángel Moratinos in his article ‘Del Proceso de Barcelona a la Unión del Mediterráneo’, in which he calls President Sarkozy’s proposal most timely (*El País*, 2/VIII/2007).

<sup>11</sup> Emerson and Tocci (2007), *op. cit.*

<sup>12</sup> A. Vasconcelos (2007), ‘¿Unión Euromediterránea?’, in IEMed and CIDOB, *MED2007. Anuario del Mediterráneo*, Barcelona.

<sup>13</sup> Institut de la Méditerranée (2007), *Report of the Expert Group Convened by the Mediterranean Institute on the Mediterranean Union Project*, October 2007. One of the authors of the current paper, working as a member of the expert group, expressed the need to preserve an EU dimension in the Mediterranean Union. The report acknowledges this position but rejects it.

A similar focus is seen in the report that the French National Assembly presented on the Mediterranean Union; it proposes a Mediterranean Union associated with the EU, made up of ‘permanent’ members (Mediterranean countries) and ‘non-permanent ones’ (non-Mediterranean EU countries), that take part voluntarily on a case-by-case basis.<sup>14</sup> For all analysts, the spirit of the Union should be one of ‘deepening’ relations, but some feel this is incompatible with a 32-member Mediterranean Union and that things should start off with a 5+5 plan which, once momentum is achieved, could extend naturally to the rest of the EU member states and the Mediterranean member states.<sup>15</sup>

One must admit that the idea of applying the procedure of enhanced cooperation can be appealing, if not altogether necessary, especially after what was agreed to this effect at the Lisbon summit of 2007. Along those lines, Bichara Khader has proposed a limited Mediterranean Union inspired by the ‘Nordic dimension’, what he calls the Priority Regional Partnership. (PRP).<sup>16</sup> 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.<sup>17</sup> This brings us to the question of Israel. There are several reasons for not including the Middle East. Khader says it is pointless to do so unless there is a Palestinian state. Vasconcelos says that, just as with the Spanish proposal, no Euro-Mediterranean initiative can skip over peace in the region as one of its goals. The report from the Institut de la Méditerranée acknowledges that the conflict between Israel and Palestine cannot be ignored by the Mediterranean Union, but says this should not be one of its main objectives either.

In reality, the proposed Mediterranean Union does 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 (Sarkozy’s recent proposal to send buffer troops to the Palestinian territories is totally separate from the Mediterranean Union). Nor does it seem to want to address economically sensitive issues such as completing the free trade area with agriculture or liberalising Mode 4 of the rendering of services in order to rationalise the movement of workers.<sup>18</sup> Perhaps it is in these areas where one detects most a certain Colbertist tone in the French proposal: it speaks 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 EuroMeSCo with an eye to the 10th anniversary of the Barcelona conference,<sup>19</sup> there exists the temptation to call it *Barcelona Minus*. This is especially important because as some analysts note, the situation these days in the Mediterranean is no easier than it was in 1995, and cannot be tackled simply with strong will and enthusiastic application of simple solutions.<sup>20</sup>

A more nuanced alternative is 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 expert group brought together by the institute proposes an institutional structure that is much denser than the one in the Spanish proposal, although paradoxically it warns of the danger of the initiative getting bogged down in bureaucracy. The proposal salvages some old ideas but always excludes the EU dimension: it calls for an annual intergovernmental meeting at the highest level, including the EU, a political secretariat, a Mediterranean Parliament and a Mediterranean Bank. But it adds new elements such

<sup>14</sup> *Op. cit.*

<sup>15</sup> Approach adopted by Le Cercle des Economistes (2007), 5+5=32. *Feuille de route pour une Union Méditerranéenne*, Ed. Perrin, Paris.

<sup>16</sup> B. Khader (2007), ‘L’Union Méditerranéenne: Une Union de projets ou un projet d’Union’, [www.euromed-marseille.com/blog/Articles/Khader.doc](http://www.euromed-marseille.com/blog/Articles/Khader.doc).

<sup>17</sup> Mainly in the 5+5+1 arrangement (including the EU) noted by Martín Ortega in ‘Cómo España y la UE pueden contribuir a la formación de un Magreb unido’, *Memorando OPEX*, nr 24/2006.

<sup>18</sup> 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 work force.

<sup>19</sup> ‘Barcelona Plus: Towards a Euro-Mediterranean Community of Democratic States’, EuroMeSCo Report, April 2005.

<sup>20</sup> Schmid, *op. cit.*

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 sectoral 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,<sup>21</sup> etc.).

One less enthusiastic position calls for using the momentum from the idea of the Mediterranean Union to differentiate the Neighbourhood Policy between the East and the South. The idea would be to give this policy a Mediterranean component that would cause the policy to be included in the Barcelona Process and reform the latter, including recourse to the mechanism of enhanced cooperation.<sup>22</sup> Other analysts say the best thing would be to join the two policies, reform them and apply the Plan of Action that was approved at the Barcelona Conference in 2005.<sup>23</sup> In fact, in actual practice and once the initial focus of conditionality in the Neighbourhood Policy has been toned down, there is nothing in this policy that cannot be developed (or melded into) the Euro-Mediterranean Partnership. This proposal, which could be seen as minimalist, is consistent and pragmatic, especially if it is applied to complete the Barcelona Process. But it might waste an opportunity to harvest more efficiently the political drive underlying the French proposal to create a Mediterranean Union.

Finally there is an issue that is key but has not been dealt with much, perhaps because it was taken for granted. This is the southern dimension of the Mediterranean Union; in other words, economic integration among the countries of the southern rim of the Mediterranean basin. 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 is also cited as a reason to push for creation of the Mediterranean Union. Increased integration of the productive systems of the Mediterranean member states is certainly desirable, but perhaps more politically than in terms of economics. The potential for trade between small economies like those of the Mediterranean member states is not great, compared to the lure of the huge EU market. So one should not expect an intensification of intra-regional trade flows, which also face serious economic obstacles. 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.<sup>24</sup> 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 paralysed the Union of the Arab Maghreb. It is true that a Mediterranean Union could not resort to trade policy, but it might be able to address the issue by building infrastructure with a regional scope. It is clear that normalisation of bilateral relations between some states of North Africa is a pre-requisite for any significant sub-regional project to move forward.

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<sup>21</sup> This element seems a bit inopportune. Rather than create such an institution, the location and management of which would probable cause problems, the best thing would be to strengthen the existing networks of research, EuroMeSCo and Femise. Their work is worthy of praise, both for their academic results achieved and providing ideas to governments and the EU Commission, as well as for having generated true epistemological communities and boosted research teams in the nations south of the Mediterranean.

<sup>22</sup> Emerson and Tocci (2007), *op. cit.*

<sup>23</sup> F. Bataller and J.M. Jordán (2007), ‘La propuesta de Sarkozy: ¿dónde está el valor añadido?’, *Afkar/Ideas*, nr 15, autumn.

<sup>24</sup> G. Escribano (2002), ‘Euro-Mediterranean versus Arab Integration: Are they Compatible?’, in B. Laabas, *Arab Development Challenges of the New Millennium*, Ashgate, Aldershot.

## A Union as the End Result of a Process

At the time this article was written the proposal for a Mediterranean Union was still vague. We know that it is not a customs union, nor a single market, much less an economic and monetary union. Nor is it a 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 baptised as a ‘union of projects’ although some of the institutional developments point more to a union of agencies and others 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 coincide, even in terminology, with the Barcelona Declaration, a re-reading of which is essential in order to define goals. If the goal is 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 those goals. Even more to the point, the political drive underlying the idea of a Mediterranean Union can be used to mobilise the necessary tools and move more quickly to attain more ambitious intermediate objectives.

In the area of the theory of integration, at least economic integration, 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 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 a free-trade zone, 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, or Switzerland.

Economic (and political) forces recognise these concepts, which make integration processes predictable, credible and measurable in terms of how they are being applied and the ambitions that they transmit.<sup>25</sup> These characteristics make the players incorporate them into their expectations and reduce the transaction costs of applying them. A union of projects, or of agencies, is a concept that is difficult to visualise 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 in those which wanted to move forward on integration with the EU, such as Morocco. For this reason, the logic of integration would seem to recommend that we follow the known sequences and propose first to complete the Euro-Mediterranean free trade area by including agriculture, then move on to think about progressing gradually to a single market, in line with the Neighbourhood Policy.<sup>26</sup>

<sup>25</sup> Even though the way we refer to this new phase of the process is not the most relevant issue, ‘it is probably preferable to call things by their name and as of today this is a partnership’, as stated by S. Florensa (2007), ‘Límites del proyecto de Unión Mediterránea: hacia una nueva fase del Proceso de Barcelona’, *Afkar/Ideas*, nr 15, autumn, p. 61.

<sup>26</sup> However, some French proposals have specified models like that of APEC, a non-institutionalised forum strictly for discussing issues related to economic cooperation among countries of the Pacific rim. But in comparison, adopting this model would scale down the goals of the Barcelona Declaration and entail less integration than that envisioned in the Neighbourhood Policy. See Beckouche (2005), ‘Le PECC (Pacific Economic Cooperation Council), ou l’IPEMed version Pacifique’, IPEMed, April.

The Mediterranean Union might be conceived as the last stop in that process, using the appealing idea of structure-building projects that improve conditions in the countries south of the Mediterranean and help remove obstacles to production. 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 the member states for consistency in Mediterranean policies. This means preserving the legacy of Barcelona and the Neighbourhood Policy, but also reforming and rethinking them. One has to keep in mind the preferences of the member countries south of the Mediterranean, and these are well known: access to European agriculture and energy markets, more aid, greater ease in the processing of visas or a more flexible approach to immigration, among others. We feel a coherently designed union incorporating those elements would have the following features:

### *(1) More Europe, Not Less*

This is one of the aspects of the Sarkozy proposal that has generated the most misunderstandings, in both its political and institutional dimensions. From a political standpoint, having the support all interested member states and the European Commission seems to be the only reasonable alternative. To do otherwise would run the risk of splitting the EU geopolitically in two directions, one looking southward and the other to the east, and this would aggravate the very imbalance that the initiative seeks 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 the preferences of its member states. This is particularly true in a region that is as geopolitically important as the Mediterranean, where the so-called strategic ‘clash of perceptions’ between the US and the EU calls for more Europe, not less.<sup>27</sup>

It is true that an EU of 27 countries is more difficult to coordinate, and to persuade, than the group of EU countries that border on the Mediterranean. But the latter also have a weaker negotiating power and can offer less incentives to the nations of the southern rim in exchange for greater guarantees on sensitive issues such as democratisation and human rights. But herein lies the power of the EU to transform.<sup>28</sup> 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 *a la carte*.<sup>29</sup> The Mediterranean Union might smack of a Europe *a la carte*, in this case that of France. 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 authorised 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 intrusion into areas where the EU has exclusive jurisdiction, but does allow the use of EU institutions.

This aspect leads us to the institutional dimension, which we already raised in mentioning the EU’s role as a force for transformation. Although the Neighbourhood Policy initiative may have been conceptualised as a process of ‘Europeanisation without Europe’, with many unknowns and limitations, it seems plausible that the modernising effect of southern states adopting the EU heritage, even just partially and limited to chapters related to the single market, has major potential.<sup>30</sup> In the case of enhanced cooperation, the Europeanising capacity is 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. Restricting the Mediterranean Union to operating in the non-

<sup>27</sup> H. Amirah Fernández (2007), ‘La UE, EEUU y el mundo musulmán’, ARI nº 83/2007, Elcano Royal Institute.

<sup>28</sup> M. Leonard (2005), *Por qué Europa liderará el siglo XXI*, Taurus, Madrid.

<sup>29</sup> See the Preliminary Study of the Treaty of Lisbon by José Martín y Pérez de Nanclares for the Elcano Royal Institute.

<sup>30</sup> G. Escribano (2005), ‘¿Europeización sin Europa? Una reflexión crítica sobre la Política de Vecindad para el Mediterráneo’, Working Paper nr 194/2005, Elcano Royal Institute.

Europeanised realm of foreign policies, on the sidelines of the EU, seems to be an unnecessary emasculation of the available instruments, which are already limited.

Even more so, the adoption of initiatives in the framework of enhanced cooperation can hinder the Europeanisation of new policies that are relevant to relations with the southern rim states, such as the emergence of common policies in the areas of energy security or immigration, for instance. If the focus of operating on the sidelines of the EU entails a kind of preventive de-Europeanisation, this would be bad news for the modernisation of the Mediterranean, as the governments of the southern states would lose the already fragile reference point of the EU as a united negotiating party. A more coherent strategy would be for the Mediterranean Union to advocate greater Europeanisation of the different areas of relations with the southern states that have not yet been incorporated into common policies, rather than detach them or prevent their future inclusion in the EU.

There might be a tactical justification for pressing for a new focus for the Mediterranean. It is true that France tends to feel that the Euro-Mediterranean Partnership and the Neighbourhood Policy do not allow the EU to project its preferences with the scope and intensity it deems necessary, an argument which other Mediterranean EU member states might also put forth. But from a tactical point of view, the negative element should be used only in the right doses and in the right direction: having a limited course to run, if administered in excess it could trigger more rejection than acceptance. We feel that direction should be a greater Europeanisation of relations with the Mediterranean, promotion of a framework allowing for more convergence than in the past of the preferences of EU member states that border on the Mediterranean with those of member states that do not.

Although Sarkozy seems to have accepted that his proposal remain within the EU, with EU financing and management, it is also necessary to go deeper with Europeanisation of the bloc's policies toward the Mediterranean. In fact, there are differing interpretations: at the Lisbon summit it was understood that priority would be given to the summit to be held with member states, while the French feeling seems to be that what is important would be the meeting with the countries of the southern rim, and the results of this would be 'reported' to the next EU summit. Germany's position is firm. It says it is unacceptable for an issue of this scope not to be agreed at the full-blown EU level before pushing it publicly, and mainly that the EU be sidelined. For Spain, the EU dimension is literally a red line that cannot be crossed, as it has expressed repeatedly in all meetings, including the 5+5 session in January 2008 in Rabat. Even in France, and within the administration itself, differing visions appear to be emerging, with fears that the initiative might end up setting a precedent that would harm French credibility within the EU.<sup>31</sup>

## *(2) A Complete and Operative Union for Formulating Consistent Policies*

All this said, preserving the European dimension and the legacy of the Barcelona Process and the Neighbourhood Policy should not mask the gaps inherent in each. Countries on both of the Mediterranean's rims share the diagnosis that new European momentum is needed. If the objective is to anchor the countries of the Mediterranean in liberal democracy and free-market economics, it is necessary to set a clear goal, even if is over the long term. This goal, institutionalised in a Mediterranean Union, 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 the southern rim countries the incentives necessary to speed up economic, institutional and political reforms.

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<sup>31</sup> See the significant criticism by Jean-Pierre Jouyet, French secretary of state for European affairs, of the presidential initiative in *Le Figaro*, 25/I/2008.

In order to do this, it is not enough to take *Barcelona* and the *Neighbourhood Policy* and simply add a new area of activity, be it the environment, energy or co-development. A Euro-Mediterranean Union that is worthy of its name must offer a mechanism for long-term economic integration 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 free-trade areas and give the signal that these will not be weakened with safeguard clauses or by excluding agriculture. From the institutional perspective, convergence –even gradual and partial– towards the EU legacy is a very powerful modernization mechanism for the institutions of the countries of the southern rim.

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 democratisation. 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. Besides positive conditionality, with clear and consistent economic goals, the initiative must also resort to consistent political tools. Thus, one cannot advocate democratisation and not accept democratic, non-violent Islamic movements as interlocutors (not to say rulers). Nor can one finance most of the budget of the Palestinian Authority without getting more involved in the creation of a viable Palestinian state.

In earlier studies we put forth the idea that the Barcelona Process was based on what we can call an economic syllogism that rests on the theory of modernisation: 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 democratisation. However, in the past this strategy has proved to have very clear limits. 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 of institutions.<sup>32</sup> The idea of creating a Mediterranean Union seems to run along the same, somewhat economics-heavy paths (even for the economists) as those suggested in the Barcelona Process. However, some economies of the southern rim, such as Morocco or Tunisia, are now mature enough for the theory of modernisation to take hold there.<sup>33</sup>

In any case, we must keep the new initiative from being used by the ruling elites in the countries of the southern rim as a ploy to stay in power. In that case, we 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 the governments of the southern rim see as out of the question and the Islamic movements themselves are wary of because of the reticence at the 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 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.<sup>34</sup>

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<sup>32</sup> M. Jerch, A. Lorca and G. Escribano (2005), ‘De Barcelona a Luxemburgo: la política euromediterránea’, *Política Exterior*, nr 107.

<sup>33</sup> On the limits to the process of transformation in the Magreb region, consult the collective work coordinated by Y. Zoubir and H. Amirah Fernández (2008), *North Africa: Politics, Region, and the Limits of Transformation*, Routledge, London and New York.

<sup>34</sup> G. Escribano (2007), ‘Islamismo y política económica en Marruecos’, Working Paper nr 3, Casa Árabe, September.

In general terms, certainly the most relevant question to answer is this: how can pushing for a Euro-Mediterranean union help meld the Barcelona Process and the Neighborhood Policy under this new umbrella without giving up on introducing added value. Merely adding projects cannot answer this question, but it is interesting to try to identify the candidates.

### *(3) A Union 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 the countries of the southern rim. 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 sectoral and geographic areas in which they will be applied. The sectoral approach is recommendable for addressing the most pressing structural, economic and institutional weaknesses. The sub-regional dimension seems to be the most appropriate, 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, small and medium-size businesses and 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.<sup>35</sup> In some southern states, 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 modernisation of the agricultural sector. The need to modernise the sector and prepare it for competition –but above all so it will play the role assigned to it by the economy in development processes– makes it a top priority of an approach based on projects.<sup>36</sup> In this case, a Mediterranean scale might be adopted because the problems are largely shared.

Infrastructure is another key element of the French proposal. 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. Europe's new interest in energy security could facilitate Europeanisation of the Mediterranean dimension of this issue. 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 prioritise will depend more than other kinds of projects

<sup>35</sup> IEMed (2006), *La agricultura y la Asociación Euromediterránea: retos y oportunidades*, Barcelona.

<sup>36</sup> An idea expressed by G. Escribano and A. Lorca (2000), ‘Vers un Pacte Agricole Méditerranéen?’, in Groupe d’Études et des Recherches sur la Méditerranée (eds.) *Annuaire de la Méditerranée 1999*, Publisud, Paris and developed further in Lorca, Escribano, Arce and Mahía (2006), ‘Hacia un Pacto Agrícola Euromediterráneo’, in IEMed, *op. cit.* Also see IPEMed-CALAME, *op. cit.*, and FEMISE (2003), *Rapport sur l'impact de la libéralisation agricole dans le contexte du partenariat euro-méditerranéen*.

on the kind of financing provided, and above all on whether the private sector can be persuaded to get involved, as we shall discuss further on.

The idea of creating poles of competitiveness, which we already mentioned, 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), sectoral (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 macroeconomic 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 southern rim countries. 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, progress is very difficult along the southern rim of the Mediterranean, but under no circumstances should it be abandoned because of the obstacles posed by the institutional framework and political pressure from the governments of the region. 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 its non-economic proposals for a Mediterranean Union, France stresses 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 programme, while interesting, does not seem to address the fundamental shortages in the region's educational system, which centre around basic education and vocational training. The French idea seems more geared towards luring away gifted students than fixing the region's educational problems. If it is an extension of, say, the French *lycée* system (and in Morocco, of Spanish schools), it is not clear how the project could be of any interest whatsoever to the vast majority of students in the southern rim. Besides repeating the error committed by most southern states in stressing university studies when it comes to spending educational resources, this idea might restrict the benefits of educational programmes to those who need them the least. Indeed, workshops or any other vocational training programmes might have more impact, and potentially broader external effects, than a broad programme 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 programmes. 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 democratisation, dialogue with moderate Islamists or free trade in agriculture, to cite three examples. But it is difficult to envision major, structure-building 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 Union. 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 the southern rim states themselves.

Another relevant aspect is that of launching projects to stimulate businesses, especially in the area of small- and medium-sized companies. 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 French proposals seem to interpret the economic dimension of the Mediterranean Union as a 'Union of companies'<sup>37</sup> in which the latter can carry out investment plans. This dimension of the French proposal recalls the US approach that began in Casablanca, 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 between 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 the southern rim states, are strengthened by this kind of relationship.

These are, however, two very different dimensions of business activity. In fact, 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 the nations of the southern rim, as a result of which a plan has been proposed to insure their investments.<sup>38</sup> It might be even more important to facilitate the activity of small- and medium-sized companies. 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 context of business activity. In this way, the results of the *mise à niveau* programmes carried out in Tunisia have been reasonably positive, while in Morocco they have barely had any effect. It seems more attention is needed for programmes of technical assistance and training of small- and medium-sized companies, as the results of the MEDA programmes in this area have been very meagre.

In any case, the idea of a 'Union *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)... And Resources to Fund and Manage Them

As we have already stated, perhaps one of the most ambiguous aspects of the Mediterranean Union proposal are the institutional and financing factors. The countries of the south ask, quite legitimately, where the money 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 programmes, remittances from emigrants, companies and even the Gulf Cooperation Council as a way to pool financial resources.

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<sup>37</sup> 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 involves a union of major companies, even though this proposal has the stated goal of encouraging small- and medium-size companies.

<sup>38</sup> This idea has been taken up again by the French National Assembly (*op. cit.*), but it has triggered some concern. As it would use EU funds, the main beneficiaries might be specific member states with a longer tradition of business activity in those countries. In any case the member states have their own investment insurance schemes that cover at least part of this.

This issue raises clear problems if the Union is going to exclude the EU itself, but does not explain how this pool would be formed with existing resources, and not even if these would be totally subsumed in the Union, something which would be hard to believe. The private sector is also called on to finance projects. In general, although the proposal has not been hammered out in retail, 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 management of them must be improved.

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 members and the European Investment Bank are not so enthusiastic. We have already said that many analysts feel that what is needed is not funding, but rather projects worthy of being funded. But the existence of a financial institution would indeed show a political commitment and strengthen the degree of institutionalisation 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. Again, the logical thing would be to give such an agency a Euro-Mediterranean dimension.

Another important aspect which we have already mentioned is the concept of strengthening the role of the private sector in financing projects.<sup>39</sup> There are projects (energy, public services) which can rely on strictly private financing schemes and mixed options like the 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 financing with public money. One idea suggested in several proposals is that of trying to use remittances from emigrants to finance the private sector in the southern rim over the medium and long term. This aspect is important because many countries 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.

As for managing resources, in addition to a financial institution there are proposals to create other agencies that would be tasked with specific areas: agencies for water, energy, the environment or scientific research, as well as a *Mediterranean College*.<sup>40</sup> This kind of institutionalisation through agencies with participation from both sides is appealing. But before creating them without a strong mandate or a precise mission, it would probably be better to keep moving forward with existing channels.

#### (5) A Union for All, But not One with Minimal Scope

The original idea of excluding non-Mediterranean EU countries from the Mediterranean Union –of creating a G-Med, in the words of presidential adviser Henri Guaino– stemmed from this alleged dilemma: a Euro-Mediterranean integration project with a 27-member EU has no future due to the northern and central European countries' lack of interest and political commitment to the nations of the southern rim.<sup>41</sup> But the argument that a 27-member EU is an obstacle blocking the Mediterranean EU countries from projecting the intensity of their preferences has as its logical conclusion the need to develop a deeper process of integration with the nations of the southern rim. And this can only be achieved consistently within the EU, in the current framework, if the Mediterranean Union initiative becomes a goal of all EU and southern rim member states.

<sup>39</sup> In the words of Jean-Louis Guigou, the Mediterranean Union should have ‘entrepreneurs who back the policy and contribute, with cross-funding, to draw the two shores of the Mediterranean closer through the medium of the economy’, in ‘La gran transformación del mundo mediterráneo’, *Afskar/Ideas*, nr 15, Autumn 2007, p. 64.

<sup>40</sup> Institut de la Méditerranée, *op. cit.*

<sup>41</sup> It is interesting to recall the sovereignty-minded origins of Mr Guaino and his well-known euroscepticism.

However, one should not disregard the idea that following EU enlargement, a rebalancing of EU policy toward the south is necessary. Member states bordering on the Mediterranean need to work harder to show the rest of the members that the southern dimension requires more resources and new initiatives, and that strengthening the bloc's Mediterranean policy is in the strategic interests of the entire EU. An obsession with procedures and with leaving existing structures intact can prevent the bloc from taking advantage of political momentum, and waste resources on pointless controversies instead of applying the policies necessary to advance toward the goal of establishing a region of peace and prosperity shared by all, both Mediterraneans and Europeans.

For this reason, any new initiative should contribute significant elements, and not limit itself to presenting myriad vague and unspecified formulas. Such an initiative should show that it not just a well-meaning label that is void of content. One cannot suggest something that people (a Union) are not willing to offer, even over the long term. One cannot simply change the Barcelona brand name for that of, say, Marseille, and transfer the current content, sprucing it up with new projects and agencies. It is important to nurture the interest shown by the French President in reforming and intensifying the Mediterranean dimension of EU foreign policy, and generating a predictable and more institutionalised framework for Euro-Mediterranean relations.

#### *(6) A Union in which Spain Must Play a Role*

Finally, for Spain the idea of a union –call it the Mediterranean Union, Euro-Mediterranean Union or Union for the Mediterranean<sup>42</sup>– is of vital importance. Aside from the fact that the Barcelona Process is one of the hallmarks of Spanish foreign policy, the magnitude of the strategic interests that Mediterranean holds for Spain means that any initiative aimed at improving relations with the region should be welcomed. In general, this has been the Spanish position, trying to preserve the EU nature of the initiative and fashioning it into an extension of the Barcelona Process. At a meeting in Rome in December 2007 between Italy, France and Spain to reach a consensus on the initiative, Prime Minister Jose Luis Rodríguez Zapatero explicitly referred to it as 'Barcelona Plus'. We can only hope that this is the spirit of the initiative and that it is not just another formula in search of content.

To avert this risk of all the interest stirred in Spain fading away by the time of the EU summit called by France for July 2008, with a Spanish general election in the middle, it is necessary to start thinking as soon as possible and preparing a solid proposal by then, one with the greatest possible level of consensus.. So far the Spanish proposal has been constructive in that it accompanied the French one and nudged it towards EU channels, which we feel is the right thing to do. From now on the idea is to propose a Union that justifies that interest that has been aroused but above all marks a significant advance with respect to the current duality of *Barcelona Process + Neighbourhood Policy*. In the current context the only ones considered significant advances will be those which offer the countries of the southern rim appealing political, economic and social prospects, ones that all their citizens can enjoy, especially the poorest classes, and not show preference to their economic and administrative elite, which is unfortunately what has happened in the past.

Clearly, Spain does not have the powers of political or economic influence in the region that France does, although they are still considerable. But Spain does have the ability and creativity to compete with ideas and co-lead along with France the process that seems to be getting underway now. Spain should assume that role in the area of ideas and constructive contributions with its think tanks, researchers and business leaders. In order to do this it will be necessary to launch the capabilities of Spanish society to reflect on the future of the Mediterranean and help stimulate and deepen relations between the two shores of the sea. Spain boasts institutions dedicated to studying the

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<sup>42</sup> The names given successively under the initial French proposal, the Spanish proposal and the Rome meeting of December 2007 between Romano Prodi, Nicolas Sarkozy and José Luis Rodríguez Zapatero.

Mediterranean, or which include the region on their agenda, and with no exception they have all managed to strengthen Spanish abilities on these issues with an effort worthy of praise. But it lacks an institution like the newly created *Fondation pour la Méditerranée* in France, which adds a strong business-oriented component.

It is not the goal of this study to provide a detailed analysis of all the mechanisms of operation or the specific proposals which, from a Spanish point of view, the Mediterranean Union should feature. However, we can note tentatively and briefly some of the projects in which Spain should be especially interested, and these are not necessarily in order of priority.

One of the areas that seems to have yielded a broad consensus is that of *energy projects*. For Spain, in this area the Mediterranean dimension is essential, and the issue can make Spain a key player on energy in the region.<sup>43</sup> The possibilities range from building infrastructure for transport (gas and electricity) and generation (combined cycle, renewable energy), where Spanish companies could use the Mediterranean Union proposal to consolidate their presence in the region. It would also be interesting, and not just for economic reasons, to try to participate in the drive France has launched in the area of nuclear energy.

Other projects that should not be ignored are those related to agriculture. Over the long term, Spain seeks greater productive involvement in the agriculture sector of the countries of the southern rim. Despite the tension that is apparent, in our opinion over the long term there are more opportunities for complementarity than risks stemming from competition. Spain has experience in programs of rural development, encouraging cooperativism, use of scarce resources such as water, modernisation of facilities and logistical aspects. Spain could suggest the idea of an Agriculture Pact with the countries of the southern rim and propose it as a priority vector of the Mediterranean Union.

Spain should also insist on promoting clusters comprising elements such as education, training, financing and construction of infrastructure in specific sectors (agroindustry, health) and areas (Nador, Tetuan) which can be beneficial for the country and in which Spain has a comparative advantage for carrying out activities.

Spain should endorse the French proposal for creating a Mediterranean Bank. But its emphasis should not be simply on financing major projects, but also feature a line of financing for small and medium-sized companies and micro-credits to satisfy the financial needs of the many small businesses that operate informally and have trouble gaining access to credit. As an innovative feature, and in line with what we said earlier, one of the goals of such a bank should be to dissociate itself from supporting the economic elite exclusively and try instead to appeal to the region's ecologically-minded companies.

One issue related to this would be *reform of the financial sector*. Although this was not identified in the previous pages as a priority project, Spain has a highly competitive financial sector which is present in some of the countries of the region and interested in penetrating into some of the others. The Spanish banking sector has a lot of experience in the developing countries of Latin America, where it has posted strong earnings and helped boost the economies where it has operated.

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<sup>43</sup> G. Escribano (2006), ‘Seguridad Energética: concepto, escenarios e implicaciones para España y la UE’, Working Paper nr 33/2006, Elcano Royal Institute; A. Mañé and A. Lorca (2007), ‘África del Norte: su importancia geopolítica en el ámbito energético’, Working Paper nr 11/2007, Elcano Royal Institute.

Another interesting issue is that of *reform of the civil service*. Here, too, Spain has a lot of experience in Latin America, not to mention its own experience with reforms and with adopting EU institutions and legislation. This experience spreads through many realms of government (technical assistance for reform of the justice system, reforms of the security forces, transparency in privatisation of state-owned companies, mechanisms for granting contracts for utilities), but it also has clear business connotations in some of its dimensions to the extent that Spanish companies are used to participating successfully in privatisation processes and bidding for government contracts.

*Immigration* should also be addressed, but not with an approach that focuses exclusively on fighting illegal immigration. Despite the criticism received by the initial proposals for a Mediterranean Union equipped with a mechanism to control illegal immigration, it seems evident that the Europeanisation of immigration is another most frequently cited deficits in Euro-Mediterranean relations. In any case, although activities related to illegal flows of immigration might be kept outside the EU so as not to ‘contaminate’ it, there could also be more convergence in other aspects of immigration policies. There seems to be a certain consensus on the need to facilitate administrative procedures in the granting of visas and selecting and training emigrants in their country of origin. So this could be explored jointly from the least controversial approach, that of co-development, as suggested in the initial proposals.

Another element that features in many of the proposals and which should be a priority for Spain is that of *civil protection*. Because of its geographic proximity, this affects Spain as a participant and can contribute experience and resources, as has happened in the past. But it is also an area in which Spain has preferences as a potential beneficiary, for instance with an eye to dealing with accidents in the Strait of Gibraltar.

*Education* is also a relevant issue. Although we have said a bias in favour of university studies should be avoided, Spain might have an interest in developing this aspect as well. Spanish universities have a long tradition of developing Arab-studies experts and this is an important asset, as are Spain’s geographical closeness to North Africa and the networks that this implies. Spain certainly has something to contribute in this area. It also boasts experience in primary and secondary education. But one area in which Spain’s experience stands out, and which might be better suited for the countries of the southern rim, is that of vocational training. The concept of workshops might give good results in this area and over the long term be more beneficial for the countries of the south.

Finally, another area of consensus is that of the *environment*. This issue has been raised explicitly both in the French and Spanish proposals (and the Italian ones). This is certainly an important question and one in which there are clearly common interests. It is necessary to devise a series of measures that respond to the needs of both sets of countries, although keeping in mind that they might have different priorities. Incorporating the environment to the traditional goals of the Barcelona Process might add value in several ways.

The environment would be a good example of the importance of coming up with a series of consistent proposals that Spain could contribute to, and which affect rural development, water resources, public services, the strengthening of civil society, renewable energy, and others. In all of them, and in the management of the places where they overlap, Spain has the ability to carry out projects. The same can be said of the so-called clusters. These combine issues related to training (at different levels, but especially vocational training), local development (including rural development), small- and medium-sized companies, civil society, financial issues, etc.

## **Conclusions**

In short, the French proposal still needs to be fleshed out, and provided with specific content and procedures if it is to amount to a real step forward in Euro-Mediterranean relations. So far the idea of a Mediterranean Union has been short on specifics. It has not been consistent with the EU institutional framework or the policies included in the Barcelona Process and the Neighbourhood Policy. True, these are major limitations but at the same time there is room for completing the proposal and giving it greater consistency and coherence. And there is also room for the countries concerned to give greater voice to their own preferences.

Spain's position with regard to the proposed Mediterranean Union should be active, never passive – not just in the areas of politics but also in putting forth ideas in the area of academics and business-. To this end it would be a good idea to have a clear map of preferences, and of priorities within these preferences, in which Spain could make a greater contribution in light of those preferences and its comparative advantages. In other words, what is needed is a proposal that spells out Spain's capabilities very clearly. This study aims only to launch debate on the issue, with the conviction that Spain's decision to back the Mediterranean Union project is correct, but also out of the belief that if it wants to co-lead it, Spain must contribute constructive ideas.

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