

# **THE EURO-MEDITERRANEAN PARTNERSHIP: UNIQUE FEATURES, FIRST RESULTS AND FUTURE CHALLENGES**

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# **THE EURO-MEDITERRANEAN PARTNERSHIP: UNIQUE FEATURES, FIRST RESULTS AND FUTURE CHALLENGES**

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### ***OF THE***

## ***CEPS MIDDLE EAST & EURO-MED PROJECT***

**ERIC PHILIPPART\***

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Many things have changed since the launch of the Euro-Mediterranean Partnership (EMP). Despite the virtual collapse of the Middle East Peace Process (MEPP), the Partnership has survived, has slowly moved forward on many fronts and seems to be gathering pace on the economic side. This working paper aims at presenting the new contours of the Partnership, as well as evaluating its scope of action, logic of intervention, organisational setting and policy output from 1995-2003. A brief mid-term outlook is offered by way of conclusion.

### **1 Presentation of the Euro-Mediterranean Partnership**

The Euro-Mediterranean Partnership is the general framework for the relations between the European Union, its 15 member states and 12 countries situated in the South and East of the Mediterranean area (referred to as the 'Mediterranean partners').<sup>1</sup> At the close of the Barcelona conference, in November 1995, these entities adopted an executive agreement made of a Declaration and a Work Programme launching a triple partnership: a political and security partnership aiming at establishing 'a common area of peace and stability'; an economic and financial partnership aiming at 'creating an area of shared prosperity' mainly through the establishment of a free trade area; and a social and cultural partnership dedicated to human resources development, better understanding between cultures and exchange between civil societies.

The Barcelona Declaration is an executive agreement comprising a set of general principles and common objectives in 40 sectors or so. The Barcelona process is based on three main guiding principles: equality in the partnership; complementing rather than displacing bilateral activities; comprehensiveness, decentralisation and gradualism in the approach. It operates through no less than three organisational levels: newly created multilateral structures, updated bilateral structures and unilateral (intra-EU) mechanisms established to channel the funds made available to support the process (see Figure 1 – all figures and tables are grouped at the end of this report).

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<sup>1</sup> Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey and the Palestinian Authority.

The implementation of the Work Programme is given impetus and monitored by the Euro-Mediterranean Conference of Ministers of Foreign Affairs and the Euro-Mediterranean Committee for the Barcelona process (the Euro-Med Committee). Both are chaired by the EU presidency (i.e. the member state holding the rotating presidency of the Council of Ministers). The Committee, set up at senior official level, consists of the EU troika<sup>2</sup> and a representative from each of the Mediterranean partners (sometimes referred to as 'Misters Barcelona'). At the request of the Med partners, member states not represented in the troika have all been invited, from 1997 onwards, as observers. Meeting six times a year, the Euro-Med Committee mainly discusses and reviews the agenda and the work programme of the Partnership. *Ad hoc* sectoral meetings of ministers, senior officials and experts provide specific impulse and follow-up for the various activities listed in the work programme (see Table 1, third column on organisational settings). With the agreement of the participants, other countries or organisations may be involved in actions contained in the work programme. Mauritania, Libya, as well as the Arab League and the Union du Maghreb Arabe have been invited to attend a number of Euro-Mediterranean ministerials as special guests. The US government initially expressed its interest in attending those meetings but was never invited. No 'Barcelona secretariat' as such was established. Preparation and follow-up work for the meetings are largely in the hands of the European Commission. At country level (member state or Mediterranean Partner), the 'Mr Barcelona' is generally backed by a 'Barcelona team' whose size fluctuates over time.

Periodic Meetings of Senior Officials on Political and Security Questions are held to deal with the first basket of the EMP. This denomination essentially underlines a deliberate non-institutionalisation of the dialogue as a result of the (lack of) progress in the resolution of the Arab-Israeli conflict. In fact, these Senior Officials and the representatives on the Euro-Med Committee are often one and the same. The political and security meetings are held on the day following the Euro-Med Committee sessions. The main work of the Senior Officials has been to develop confidence-building measures and draft the Euro-Mediterranean Charter for Peace and Stability institutionalising the political dialogue among partners, as well as establishing crisis prevention and crisis management procedures. An agreement was reached on the contents of the Charter in 2000. However, considering the worsening of the MEPP, it was decided at the fourth Euro-Mediterranean Conference of Foreign Ministers in Marseille (November 2000) to defer its adoption *sine die*. The High Representative for the Common Foreign and Security Policy ('Mr CFSP') and the secretariat of the Council of Ministers of the EU are now playing a significant role in those matters. The European Commission is associated but generally keeps a low profile during those meetings.

Euro-Mediterranean institutional bridges have also flourished among Parliaments, economic actors and civil societies.<sup>3</sup> If such fora and networks are encouraged or welcomed by the Barcelona declaration, they have been given no formal role or specific rights. They may of course make proposals, mobilise public opinions, use indirect strategies and organise their own monitoring of the EMP's development. But, institutionally speaking, the Euro-Mediterranean exercise remains firmly in executive hands.

Next to this multilateral framework, the EU has kept a separate structure for its bilateral relations with each of the Med partners. Association and Cooperation Agreements signed by the Community with individual Mediterranean states have progressively been upgraded to Euro-Mediterranean Association Agreements (EMAA) for all those not eligible for EU membership – that is, all apart from Malta, Cyprus and Turkey (see Table 2). In accordance with TEC Art. 310, bilateral institutions follow the

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<sup>2</sup> Paradoxically, since the Treaty of Amsterdam, the Troika is made of four components: the member state holding the EU presidency, the next member state to hold the presidency, the European Commission and the High Representative for the CFSP.

<sup>3</sup> The development of new Euromed Parliamentary institutions was particularly slow: the Euro-Mediterranean Parliamentary Forum was only launched in 1998. In 2002, the European Parliament formally proposed the creation of a Euro-Med Parliamentary Assembly.

same pattern (Ministerial Council and Senior Officials Committee) and work on the basis of strict equality.<sup>4</sup>

Finally, a new organisational system has been set for the management of the EMP financial package. In this system, decision-making rests entirely in the hands of EU institutions. The Commission is in charge of the general programming (DG Relex) and project cycle management (DG Aidco). For these purposes, it is required to draft and adopt country and regional strategy papers (CSP and RSP) defining long-term objectives and priority areas (2000-06), national and regional indicative programmes (NIP and RIP) based on the strategy papers and covering three-year periods, as well as annual financing plans including a list of projects to be financed. Financing decisions are also taken by the Commission. In addition, the Commission has to ensure coherence of EU policies and complementarity with the assistance programmes of the member states, as well as to promote co-financing where appropriate. The Commission is given the further task of promoting coordination and cooperation with international financial institutions, the United Nations cooperation programmes and other donors. Part of the ambitious reform of EU development policy adopted in 2000, the Commission has now completed a very substantial programme of deconcentration and decentralisation, staff and competencies having been transferred from headquarters to its field offices, the delegations.

The Council, together with the European Parliament, sets the general political orientation, the financial perspective and the annual budget for external relations. The Council exerts a relatively close monitoring of the Commission's work through a management committee.<sup>5</sup> This so-called Med Committee is chaired by the Commission's representative and composed of representatives of the member states, with a representative of the European Investment Bank (EIB) taking part in the proceedings. For specific actions and financing measures, such as environmental projects to be financed by subsidised loans or projects concerning risk-capital operations, the EIB plays a key role, drawing up the initial project. Here, procedures are similar except the Med Committee is replaced by the Article 14 Committee. Following the launch of the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) in October 2002, the EIB has opened one regional office in Morocco for the Maghreb and one in Egypt for the Mashreq.

With the EMP, considerable changes have also been brought about in the number of funding programmes, the overall size of the budget and the allocation system. There was a deliberate attempt to decrease the number of budget lines and channel as much funding as possible through one programme, that is, MEDA. The phasing out of the pre-1995 bilateral financial protocols has been accelerated. Basically no new budgetary lines were created.<sup>6</sup> Grants budgeted for the region under

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<sup>4</sup> Each agreement is administered by a Council composed, on the one hand, of representatives of the EU member states and of the Commission and, on the other, of a representative of the Cooperation or Association partner. Each Council has an Association Committee of senior officials – for the Mediterranean partners, usually their representative to the EU. There is in addition a Select Committee on Cooperation Agreements between member states and Third Countries, operating under COREPER and serviced by the General Secretariat of the Council.

<sup>5</sup> According to the management procedure defined in the 1999 comitology nomenclature, the Commission submits a draft of the measure to the Committee for opinion. The Commission adopts the measure that applies immediately. If the measure is not in accordance with the Committee's opinion, it is communicated to the Council. The Council has three months to take a different decision, acting by qualified majority. The European Parliament is informed by the Commission of the Committee's proceedings on a regular basis.

<sup>6</sup> Turkey is the big exception at that level. The multiplication of budget lines is in direct relation with the saga of its application for membership. It is indeed a convenient way to keep all parties happy or at least not too angry. Since the European Council of Helsinki (December 1999) recognised Turkey as 'a candidate State destined to join the Union', three new regulations have been introduced (Council Regulation No 390/2001 of 26 February 2001 on assistance to Turkey in the framework of the pre-accession strategy and in particular on the establishment of an Accession Partnership; Council regulation No 764/2000 of 10 April 2000 regarding the implementation of measures to intensify the EC-Turkey Customs Union; and Regulation No 257/2001 of the European Parliament and of the Council of 22 January 2001 regarding the implementation of measures to promote economic and social development in Turkey). This comes in addition to budgetary lines open to Med

MEDA went from ECU 3,424.5 million for 1995-99 to €5,350 million for 2000-06.<sup>7</sup> The EIB offers loans for up to €1 billion per year. In theory, the aim is to support the efforts of the Mediterranean Partners 'to reform their economic and social structures, improve conditions for the underprivileged and mitigate any social or environmental consequences that may result from development' (Art. 1, Council regulation No. 2698/2000). In practice, MEDA funds have also been used to finance measures relating to the political and cultural baskets of the EMP.<sup>8</sup> Some 90% of the MEDA funds are reserved for bilateral projects, Cyprus, Malta, Israel and Turkey being ineligible because of their higher level of development and/or because they were already benefiting from other EC budgetary lines in accordance with the special nature of their relationship with the Union. The remaining 10% is budgeted for regional activities, these being open to all Med partners. The MEDA regulation has established political and economic conditionality – a novelty in EU relations with the countries in the region. Funding can be suspended in the case of a violation of democratic principles and of the rule of law, as well as of human rights and fundamental freedoms (Art. 3 of Council Regulation (EC) No. 1488/96 of 23 July 1996 on MEDA). Besides, funds are allocated among other things on the basis of 'progress towards structural reform'.

## **2 Evaluation of the EMP scheme**

The EMP scheme – its scope of action, ambition, logic of intervention, organisational settings and policy output – has been at times heavily criticised. Those criticisms and arguments are reviewed below.

### *2.1 The scope of action*

The scope of action of the EMP has been criticised for being either too narrow or too wide. For some, the EMP scope is too wide. It is certainly true that the items listed for debate or action are very numerous. It is also true that the length of that list is partially the result of package dealing, in which issues are added in order to have everybody on board. It cannot be denied either that, in several cases, the EMP is not the only or even the best level for dealing with the problem. This being said, it is equally difficult to demonstrate that any of the items listed is irrelevant for the EU and/or the Med partners. Narrowing down the EMP scope would then necessarily mean alienating one of the parties. The main answer to the question of the large number of items listed is therefore not to scratch any of them but to prioritise the allocation of human and financial resources.<sup>9</sup>

Another argument asserts that the inclusion of some issues impedes the implementation of other parts of the Work programme and should therefore be removed from the EMP agenda. Policy-makers and analysts all agree that 'difficulties in the Middle East peace process have slowed and limited the extent

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Partners in general, i.e. MEDA, MEDA democracy programme and thematic programmes such as European Community Investment Partners programme (financing the creation of joint ventures and private infrastructure projects in the developing economies of Asia, Latin America, the Mediterranean and South Africa), as well as emergency funds and humanitarian aid managed by ECHO (refugees, earthquakes ...).

<sup>7</sup> MEDA represents more or less ¾ of the funds for the region.

<sup>8</sup> This transpires from the Annex II of the Council regulation listing more specific objectives to be pursued by MEDA support measures.

<sup>9</sup> Proper prioritisation requires two things. First one must identify the relationship between problems (causal sequences). This is usually done graphically by drawing a 'problem tree' that sets out problems in a hierarchical order (see Figure 2 at the end of this report). Primary causes are put at the bottom; if a problem is the consequence of another problem, it is placed above that problem; if neither a cause nor an effect, it goes on the same level. Second, banking on a multiplier effect, one must target the root causes. The 'means-ends relationships' have to be clarified (how to develop mutual confidence, the private sector, etc.) and inserted in an 'objective tree'. The priorities will then be defined on the basis of various criteria: the urgency, the absorption capacity of the recipient country, but first and foremost the strong points of the donor. This Working Paper indicates at the end of section 2.2. (logic of intervention) when and where the EU should intervene.

to which full regional cooperation could develop'. One option is to propose that the security basket of the Barcelona process should be 'quietly' abandoned in order to focus on the two other baskets. Besides 'refocusing Barcelona', Joel Peters also envisages the 'downsizing' option. This alternative course of action would mean abandoning the ambition of constructing a new sense of regionalism in the Mediterranean and the idea of a free trade zone.<sup>10</sup> The answer to those propositions is fairly simple. It is true that the main documents of the EMP present the three baskets as closely interrelated and insist that progress on all fronts is needed. In practice, it appears that decoupling is not only possible but is actually happening. Because region-building is mainly pursued through bilateral means, the willing and the able can move forward. Arab countries do not have to enter into arrangements with Israel and vice versa. Sub-regional progress is possible. Abandoning the security basket would therefore bring no substantial gains. It would only result in the loss of a regular opportunity to engage all parties on these topics and facilitate the agreement on peaceful solutions. As long as contacts and dialogue – however difficult – seem preferable to ostracism, it would therefore be a mistake.

A last argument in favour of the narrowing down option derives from the claim that the EMP puts the EU in a situation where it has to take sides. As a result the EU alienates Israel and disqualifies itself as a possible mediator in the Israeli-Arab conflict. According to European officials directly involved in those questions for a long time, the EMP, far from pushing the EU in one camp, has led several member states to rebalance their position and dilute their pro-Arab stance. In order to keep the Barcelona process going, the Union is now obliged at the end of each ministerial meeting to come up with conclusions acceptable to all parties in the region. Abandoning the EMP could lead to further European polarisation on the Middle East issue. So formal refocusing or 'quiet' downsizing do not seem necessary or useful.

Pointing at the conspicuous absence of fundamental issues, many analysts see the EMP as being too narrow. The first omission is of course the Middle East Peace Process. The Barcelona process does not directly deal with it. The two processes are presented as 'complementary but separate'. However, nobody claims that reversing that decision would benefit the EMP. The other main omissions are the reform of the financial, monetary and trading systems, on the one hand, and the management of extra-Mediterranean challenges on the other.

The very nature of the financial, monetary and trading systems at regional and global level is not up for discussion. The Med partners are said to be particularly vulnerable to speculative attacks and capital market volatility. The 'transparency in the financial, monetary and trading systems', called for in the UN Millennium Declaration, could have been included as a first step.<sup>11</sup> Dialogue on monetary and financial policies pursued on both sides appears as another missing piece.<sup>12</sup> This has been officially acknowledged on the EU side as never before, with the speech delivered on 23 January 2003 by the Commission President on the Mediterranean. Besides this fundamental omission, one could list very specific issues such as the restitution of stolen or illegally exported artefacts, or the repatriation of embezzled public funds.

The management of extra-Mediterranean challenges is not among the explicit objectives of the Partnership. Compared to other EU partnerships (with the US, Japan or Russia), the EMP is basically inward-looking. Of course it could be argued that the foreign policy reach of the Med partners is relatively limited. One could nevertheless imagine a structured dialogue, *inter alia*, about sub-Saharan Africa, the Gulf or the Muslim world. On the side of the Med partners, there would certainly be an interest in trying to use the EU in order to advance their cause in Washington, the IMF or the World

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<sup>10</sup> Joel Peters (2002), 'The future of the Arab-Israeli peace process and the Barcelona process', paper presented at Halki 2002 International Seminar on Forging Regional Cooperation, Greece, 8-12 September 2002.

<sup>11</sup> United Nations (2000), 'United Nations Millennium Declaration – Resolution adopted by the General Assembly', A/res/55/2, fifty-fifth session, 18 September, New York.

<sup>12</sup> The monetary and finance policy of several Med partners are indirectly on the EMP agenda through the conditions set for benefiting from structural adjustment funds.

Bank. If such issues have not been explicitly put on the EMP's agenda, they have not been explicitly excluded either. The EU, its member states and the Med partners have accepted the principle of an open political dialogue. It is probably better to keep it that way. This flexible approach indeed lowers the risk of derailing or duplicating the work done properly in other international forums. It also lowers the risk of jeopardising the take-off of the entire EMP by including highly contentious issues.

Other domains are on the EMP agenda, but the objective pursued is seen as grossly inadequate. For instance, the Barcelona Declaration mentions the question of the debt of the Med partners, but the only aim is to 'continue the dialogue in order to achieve progress in the competent fora'. Some argue that the EMP could provide the framework for alternative management approaches of this debt. The foreign debt of a number of Med partners is for a large part in the hands of EU member states. The decision to cancel bilateral debts or transform them into productive investments could be helped by Euro-Mediterranean measures. Another much criticised case is trade in agricultural products, for which no firm commitment to liberalisation has been offered (circuitous wording and absence of timetable). The movement of persons is one of the major items of the Partnership, but there is no question of aiming for its progressive liberalisation in parallel with the free movement of goods. So it could be said that the level of ambition and the deference shown to other organisations in the name of subsidiarity often varies according to the interest of the EU and of (some of) its member states. There is little room in the EMP agenda for challenging the rules of the game.

All in all, the EMP has considerably widened the scope of the relations with the Med countries (see Table 1, first column) and upgraded the level of mutual commitments between the parties. Fairly encompassing, the current agenda comprises consensual issues on which agreement should be relatively easy to secure and divisive issues which require the development of better early warning, conflict prevention and crisis management systems. Potentially explosive issues have all been excluded. The agenda does not need to be narrowed down or further widened, at least formally. The solution lies in prioritising the allocation of human and financial resources. As for the level of commitments, the upgrade is significant, even if, in many cases, the targets set by the work programme have more to do with exchange of information, dialogue and enhanced coordination than with cooperation or joint action. The variation in the level of commitment is clearly correlated with EU interests. That bias undermines the idea of partnership and is bound to generate suspicion and resentment on the part of many Med countries. This should be reviewed, but such a revision seems unlikely. The EMP is not a partnership among equals. It reflects the asymmetry of dependence and power distribution among parties.<sup>13</sup> The Med partners know that they have little room for manoeuvre at that level. The scope of action of the EMP will be reviewed only if the imbalance in the actual package dramatically destabilises the Med partners.

## 2.2 *The logic of intervention*

The EU has proposed – and to some extent imposed – an intervention logic which, as never before, puts great emphasis on economic liberalisation and opening up to international trade. For the Commission, 'trade is the most efficient means to generate resources necessary for self-sustained development. Burgeoning economic growth in emerging areas ... has stemmed more from the rise in exports and private flows of investment than from development aid'.<sup>14</sup> If non-reciprocal trade preferences still exist, they have decreased in importance and are to be progressively phased out. One important advantage of the trade-driven approach is that adjusting the pace of the experiment (safeguard clauses), putting it on total haul or reversing to the *ex ante* situation (reinstating tariffs ...) is relatively easy. The fact that this paradigm shift is perhaps less the result of a dogmatic conversion

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<sup>13</sup> George Howard Joffé (2001), 'The European Union and the Mediterranean', in Telo Mario (ed.), *European Union and New Regionalism: Regional actors and global governance in a post hegemonic era*, Ashgate Publishers., Aldershot, pp. 207-225.

<sup>14</sup> European Commission (2000), *Communication from the Commission to the Council and the European Parliament – The European Community's Development Policy*, COM(2000) 212 final, Brussels 26 April 2000.

than of a willingness to test the untested should further contribute to the cautious implementation of the liberal approach.

If strongly inspired by liberal views, the EMP is not following a neo-liberal logic as indicated by:

- the choice of a multi-dimensional approach;
- the (re)affirmation of the principle of ‘special and differential treatment’ based on objective differences;
- the inclusion of anchoring devices; and
- the priority given to poverty reduction (see Table 1, second column on the nature of the relationship and operating mode – economic and financial partnership).

Rejecting the unidimensional approach of neo-liberal thinking, the EMP considers security, socio-economic and cultural problems as multi-faceted and interlinked. The EMP is characterised by a multi-dimensional logic banking on several positive spillovers between these different domains. This option is intellectually more demanding but also more convincing. However, there are several weaknesses in the causal sequence underpinning the current holistic logic: it overestimates the automatic nature of the positive spillovers and probably underestimates the risk in terms of destabilisation.<sup>15</sup> The choice of a multi-dimensional logic presents one major advantage and one major difficulty. It provides valuable flexibility (by allowing participants to give more importance to trade, development or foreign policy depending on the circumstances). The difficulty lies with the obligation to have a proper overview of several logics of intervention unfolding simultaneously.

The (re)affirmation of the principle of ‘special and differential treatment’ based on objective differences does not fit either with the quasi-naturalist conception of the laissez-faire advocated by neo-liberals. Having embraced the idea of a ‘fair and equitable multilateral trading system’, the EMP recognises that, without ‘special and differential treatment’, the weakest parties would not have ‘adequate means neither to penetrate Northern markets, nor to protect their own national space and economies’.<sup>16</sup> There was however no systematic effort to give an operational definition to what is ‘fair and equitable’. The range of differential treatments has not been thoroughly defined either. In line with WTO orientations, preferential market access will cease to be an option in the near future. So, what options are left? Do they include transition periods and permanent exemptions, direct and indirect support on a temporary or permanent basis, preventive and corrective measures? This remains unclear. The fact that differentiation has not been repudiated altogether is of course very positive from the perspective of securing smooth change. Uncertainty over its definition is assuredly less than positive. Decision-makers, particularly in the Med partners, would more willingly embrace the new paradigm if it was based on a clear set of rules.

The inclusion of anchoring devices is equally non-neo-liberal. The liberal approach poses a serious problem of time inconsistency: the costs are immediate and certain; the benefits are distant in time and uncertain. Where a neo-liberal approach would simply count on the market forces for precipitating reform, the EMP is offering various arrangements that should function as anchors for policy change. That anchoring logic relies on a contractual method (conclusion of a bilateral treaty committing the country to specified reforms) and a financial method (compensating the country for the implementation costs). Effective anchoring supposes that the ‘anchoring contract is as complete as possible’ – i.e. ‘it leaves minimum scope for discretion to the parties’.<sup>17</sup> There should be in addition a

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<sup>15</sup> Richard Youngs (2002), *The European Union and Democracy in the Arab-Muslim World*, CEPS Working Papers – CEPS Middle East & Euro-Med Project, No. 2, Brussels.

<sup>16</sup> Hesham Youssef (1999), ‘Special and differential treatment for developing countries in the WTO’, *T.R.A.D.E Working Papers*, No. 2, South Centre, June.

<sup>17</sup> Mehmet Ugur and Alfred Tovias (2002), ‘Can the EU anchor policy reform? The case of the Euro-Med Partnership’, Paper presented at the 1st Pan-European Conference on European Union Politics *The Politics of*



clear link between the level of EU funding and trade concessions, on one side, and the extent of reform undergone by the recipient country, on the other side. The benefits expected from the EMP must be proportionate to the efforts and risks involved. The EMAA and MEDA have an anchoring capacity but the latter is limited. The new generation of Association Agreements imposes detailed obligations, in particular, on goods trade, but leaves a lot of discretion on many other key points. Exit strategy is costly; but not exorbitant. As for the level of funding available, it is relatively low per capita or as a percentage of the recipient GDP – see statistical tables (Nos. 4a-7) at the end of this report. The financial presentation of the EU leads one to think that funding is on the increase. On closer look, however, one might reach the opposite conclusion. When comparing the financial allocation for MEDA I (1995-99) and MEDA II (2000-06), the annual allocation seems to have increased: €764 million per year for MEDA II against ECU 685 million for MEDA I. However if one takes into account that 1995 was a marginal year for MEDA,<sup>18</sup> the annual allocation for 1996-99 amounts to €812.8 million. MEDA II would then represent a downturn financially speaking. In any case, once the reforms start biting (that is, mainly after the entry into force of the EMAA – sometime between 2010 and 2015), this level of funding will most probably prove to be grossly inadequate. By then, it will not be possible for the Med partners to shield their market from EU competition and collect large revenue from high tariffs on imports. These flaws in the anchoring logic need to be quickly addressed, possibly in collaboration with the other major OECD donors.

The priority given to poverty reduction is yet another indication that the EMP is not following a neo-liberal logic. The EU explicitly ‘recognises that trade liberalisation in itself is not sufficient to combat poverty in developing countries’.<sup>19</sup> The liberalisation of developing economies and their opening to international trade are seen as desirable only insofar as they lead to sustainable development; their pace and modalities must be defined according to that principle. Besides, assistance over infrastructures and social services are very much present in the EMP logic of intervention. The current level of funding for this classical developmentalist and welfare agenda is not derisory, but limited. Of course the EU is not supposed to reach that objective single-handedly. Still, European ODA allocations, which remain way below the UN target endorsed by all member states, are blatantly inconsistent with the goal of poverty reduction.

The EMP policy mix consisting of economic and political liberalism combined with a developmentalist agenda centred on poverty reduction is very much in line with the Bretton Woods (the Washington consensus) and UN evolution (the Monterrey consensus<sup>20</sup>). That ‘normalisation’ of the EU approach to the region opens new synergy perspectives. The emergence of a dominant paradigm undeniably means less energy spent on theological debate and the possibility of defining a division of labour among donors based on their comparative advantages.

As of today, the EU is often better placed than its member states when a policy requires:

- global reach;
- sustained action (for various institutional and political reasons, policy content tend to be more stable at EU level than at a national level);

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*European Integration: Academic Acquis and Future Challenges*, Bordeaux, 26-28 September 2002. On the anchoring problematique, see also Daniel Gros (2001), *Who needs an external anchor?*, CEPS Working Document, No. 161, Brussels.

<sup>18</sup> The programme officially started its operations one and half month before the end of the year. Consequently, commitments only amounted to ECU 173 million and disbursements to ECU 50 million. One should therefore take ECU 3,251.5 million for 1996-99 as a more accurate basis of comparison.

<sup>19</sup> ‘General affairs and external relations’, 2464<sup>th</sup> Council meeting, Brussels, 19 November 2002, conclusions adopted on Trade and Development, pt. 4.

<sup>20</sup> UN, Report of the international conference in financing for development, New York, 2002 (18-22 March). Resolution 1: Monterrey consensus of the international conference in financing for development.

- smooth transition from emergency aid to rehabilitation and development;
- massive grants (in absolute and relative terms, the size of the EC budget for development is quite large);
- relative neutrality (because the EU is made of many different entities and it does not have as such a colonial or imperial past, it may be symbolically or politically more acceptable);
- pluri-national experience and multi-sectoral expertise;
- experience in regional integration (how to establish a free trade area, a custom union and a single market, how to harmonise and coordinate the policies of a large number of actors and how to organise peace-building); and
- strong economic and trade leverages.
- In addition, the intervention of the Union would be justified each time the member states fail to act individually, provided that that action is in line with EU objectives. That ‘added-value’ approach has yet to be fully operationalised or respected.

### 2.3 Organisational settings

The Euro-Mediterranean Partnership is the only political institution in the region ‘where competence, legitimacy and resources are present’.<sup>22</sup> None of the pre- and post-Barcelona schemes has its scope, scale and depth. Most attempts to bring together countries from different sides of the Mediterranean were either still-born or quickly abandoned, such as the Council of the Mediterranean or the Conference on Security and Cooperation in the Mediterranean. The Mediterranean Forum set up in 1994 has survived as a place where EU and non-EU Mediterranean countries can deliberate informally over their problems and discuss initiatives that could be presented for EMP endorsement.<sup>23</sup> The ‘5+5’ Western Mediterranean Forum, launched in 1990, frozen in 1992 and relaunched in 2001, has no other ambition than that of developing dialogue and consultation.<sup>24</sup> None has any infrastructure or operational ambition. Launched in December 1994, the NATO’s Mediterranean Dialogue and its Mediterranean Dialogue Work Programme (MDWP) are mainly aimed at dispelling misunderstandings about NATO’s intentions in the region and at creating bonding opportunities. Operating ‘on a selective pan-regional basis’,<sup>25</sup> its budget is very small.

The EMP is by now a well-established element in the European, North African and Middle East landscape, with fairly stable features. Confronted with the dramatic deterioration of the Israeli-

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<sup>22</sup> Hans Gunter Brauch (2001), ‘The Mediterranean Space and Boundaries’, in Antonio Marquina and Hans Günter Brauch (eds), *The Mediterranean space and its borders. Geography, politics, economics and environment*, Collection Strademed No. 14, Madrid, UNISCI, Mos-bach, AFES-PRESS.

<sup>23</sup> Its only collective act was perhaps the adoption of a code of conduct on terrorism at the 9th session of the Mediterranean forum foreign ministers (Delos, 20 and 21 May 2002). The oral conclusions of the presidency adding that the forum was aiming at the code’s inclusion in the new Action Plan adopted at the Euro-Med Ministerial Conference in April 2002 in Valencia ([http://www.mfa.gr/english/foreign\\_policy/amii/mediterranean\\_cooperation.html](http://www.mfa.gr/english/foreign_policy/amii/mediterranean_cooperation.html)).

<sup>24</sup> The ‘5+5’ West Mediterranean Forum was a French initiative regrouping five Southern European countries – France, Italy, Malta, Portugal and Spain – and the five Arab Maghreb Union countries – Algeria, Libya, Mauritania, Morocco and Tunisia. After almost 10 years of inactivity, it was reactivated by Portugal. See Stephen C. Calleya and Mark A. Heller (2003), *The Restructuring of the Euro-Mediterranean Partnership after EU Enlargement: The Logic of Subregionalism*, EuroMeSCO Working Group Report (forthcoming); Selim Yonel (2002), ‘Creating a more viable Mediterranean: regional efforts, difficulties and future prospects’, paper for the 13<sup>th</sup> Euro-Mediterranean information & training seminar for diplomats, Mediterranean Academy of Diplomatic of Studies, University of Malta, Msida, 15-18 November 2002.

<sup>25</sup> Israel, Egypt, Jordan, Mauritania, Morocco, Tunisia, recently joined by Algeria in 2000.

Palestinian relations, the long stalemate in key bilateral negotiations (notably with Egypt) and the labourious take-off of MEDA,<sup>26</sup> the scheme has indeed demonstrated its resilience. Official protests against the participation of Israel were formulated, but only resulted in the sporadic boycott of the Euro-Mediterranean Conferences of Ministers of Foreign Affairs by two idiosyncratic players (Syria and Lebanon). It is however very probable that the EMP in its current geographical extension could not survive any major escalation of violence in the Israeli-Palestinian conflict. In the meantime, all parties have restated on several occasions their commitment to the Barcelona process. The institutional features of the EMP have been fairly stable. The only major changes concerned the management of the EMP financial package, the EU having undertaken a major reform of its structures and procedures.

The resilience and relative stability of the EMP are widely acknowledged, but its institutional performance at other levels is generally underestimated. In terms of identifying problems, defining objectives, selecting intervention logics, programming, delivering projects and anchoring the policy reforms, the EMP fares much better than any previous and actual schemes in the region, including 'South-South' ones. Except for pre-accession packages, it also compares rather favourably with EU schemes for other parts of the world. In-depth analysis of the Partnership shows that, after a long in-between period and despite various enduring institutional weaknesses, the EMP's institutional potential is actually increasing. The last report of the Development Assistance Committee concludes in particular by noting a marked improvement of EU structures and processes in terms of strategic oversight, programming, budgetary procedure, evaluation and policy feedback.<sup>27</sup> The amendments introduced in the MEDA regulation (Council regulation N°2698/2000) were in that respect fundamental (see Table 3).<sup>28</sup>

Further improvement is still possible insofar as some organisational shortcomings may be redressed without undermining the strong points in the EMP structure.<sup>29</sup> These strong points are:

- the reference made to a trans-regional partnership (making the scheme particularly attractive for countries too often excluded from region-building exercises);
- frequent meetings of coordinating organs (providing for deeper socialisation, steeper learning curve and regular adjustment of the framework for action);
- the relative centralisation in terms of decision-making (remaining in command of the allocation of the financial package, the EU is capable of pushing through a number of binding decisions – compared to other regional organisations such as the Arab League, the EMP is not totally deprived of leadership);
- the decentralisation in terms of initiative and implementation, which goes hand-in-hand with the formal opening to new categories of public actors – technical ministries – and to private actors; and, last but not least,
- the possibility to play simultaneously at regional, sub-regional and bilateral level, allowing those willing and able to move forward to do so (cf. advantages of multi-speed – common objectives but

<sup>26</sup> See Eric Philippart (2001), 'The MEDA programme: evaluation of the new design of EU assistance to the Mediterranean', in Attina Fulvio and Stavridis Stelios (eds) *The Barcelona Process and Euro-Mediterranean Issues from Stuttgart to Marseille*, Milano, Giuffrè, pp. 121-169.

<sup>27</sup> OECD – DAC (2002), *Development Cooperation Review – European Community*, OCDE, Paris.

<sup>28</sup> The last report of the Development Assistance Committee concludes on a marked improvement of EU structures and processes in terms of strategic oversight, programming, budgetary procedure, evaluation and policy feedback. OECD – DAC (2002), *Development Cooperation Review – European Community*, OCDE, Paris.

<sup>29</sup> Options for a more radical upgrade in the perspective of the new and enhanced '*politique de voisinage*' of the EU are discussed in the conclusions of Michael Emerson and Nathalie Tocci (2003), *The Rubic Cube of the Wider Middle East*, CEPS Paperback, as well as in Eric Philippart (2003), *Reinventing Integration in the Mediterranean – The Euro-Mediterranean Partnership and Beyond*, CEPS report, forthcoming.

pursued at different paces – and variable geometry formulas – the willing and able are free to integrate at sub-regional or ‘selective pan-regional’ level).

The weaknesses and shortcomings of the EMP are situated at various structural and procedural levels:

- relative complexity, resulting in limited readability and visibility;
- decision-making traps at multilateral and bilateral level, linked to unanimity and the non-inclusion of the heads of state;
- underdevelopment of non-governmental structures; and
- asymmetries in the multilateral structure in contradiction with the partnership spirit.

Admittedly, with its multilateral, bilateral and unilateral dimensions, the EMP architecture is relatively complex. The existence of three organisational dimensions is nevertheless a key factor for EMP progress. Simplifying that structure in order to increase the readability and visibility of the Partnership – one of the objectives of the Work Programme recently adopted by the ‘Euro-Mediterranean Conference of Ministers of Foreign Affairs’ (Valencia, April 2002) – would therefore be a mistake. Improvement should be pursued through greater information and communication efforts.

As to decision-making traps, there is only a limited scope for improvement in the near future. At multilateral and bilateral level, the scheme operates by unanimity with all the limitations inherent in that form of decision-making (speed and coherence). The margin for manoeuvre is very small at that level. Limited use of constructive abstention could provide a – partial – answer at multilateral level. A second trap results from the non-inclusion of the heads of state. The direct involvement of the top players would undeniably lower the risk of organised non-compliance. As long as the EMP remains restricted at ministerial level, it will be relatively easy to play the clock or come back on any agreement, using the pretext of a mandate breach. Periodic summitry should be introduced as soon as the Israeli-Arab conflict permits.<sup>30</sup>

Another weakness comes with the underdevelopment of non-governmental structures. Trans-parliamentary structures often boost international cooperation just as close involvement of certain stakeholders organised in networks – business and consumer groups in particular – usually improve policy design and policy landing. Efforts at Euro-Med parliamentary level have only started to materialise in 2002. As to the development of transnational networks, it is made particularly difficult by the underdevelopment and weak structure of the private sector in many Med countries. These networks should be assured that they will receive medium-term financial backing. They should also be formally involved in the preparation stage of Euro-Med policies. As soon as export-oriented business leaders in the Med countries emerge in sufficient number, it would be particularly useful to foster a Euro-Mediterranean Business Dialogue on the model of the Transatlantic Business Dialogue.

Finally the EMP suffers from asymmetries in the multilateral structure that contradict the partnership spirit. Partnership is more an objective than a reality. In line with the strong dependence of the Med partners and the unfavourable power distribution, the nature of the relationship often corresponds more to a soft form of hegemony than to a partnership. Yet the rhetoric creates expectations, especially at institutional level, which, if unfulfilled, will lead to frustration. Establishing a small independent Euro-Med secretariat, as suggested by D. Schmid, could suppress the most striking institutional imbalance of the EMP.<sup>31</sup> Instituting co-chairmanship as soon as the Israeli-Arab conflict permits would be an important second step in the same direction.

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<sup>30</sup> On the advantages of summitry, see G.R. Berridge (1995), *Diplomacy – Theory and Practice*, London, Prentice Hall, pp. 85-86.

<sup>31</sup> Dorothee Schmid (2002), ‘Optimiser le processus de Barcelone’, *Occasional Papers*, No. 36, Institute for Security Studies of the European Union, Paris.

### 3 The Barcelona *acquis* – Policy output 1995-2003

The Barcelona process has not only survived but is progressively gathering momentum. Well established international regimes contribute to increased levels of cooperation by lowering transaction costs (among other things, they foster contacts and facilitate the exploration of possible package deals); reducing uncertainty and risks (they enhance mutual understanding of the international context, increase mutual transparency and structure mutual expectations); and lengthening ‘the shadow of the future’ (they create an incentive to abide by agreements, since, in a repeated game, credibility is a valuable asset which is worth more than the immediate gains from defection). Despite various shortcomings reviewed supra, the introduction of the EMP has clearly lowered transaction costs among partners and, to a lesser extent, reduced uncertainty and lengthened the shadow of the future.

The record of the three baskets of the partnership is contrasted (see Table 1, fourth column).<sup>32</sup> All in all, progress is strongly correlated with areas where the EU has a significant competence, weight and expertise. The first basket has very limited concrete achievements to show, but as often mentioned, it has the great merit of being the only regional scheme where Arab countries and Israel are side by side. It has also become the only place where the Israeli government tolerates the EU as a ‘partner’ in Middle-East security and political matters. As to the third basket, many programmes were set up, some being now completed or extended. Results are often in line with objectives, but the latter were rather modest. It seems fair to say that on the cultural, audiovisual or educational level, what has been achieved is rather patchy and elite-oriented. The very important decision in July 2002 to open the Tempus programme (university cooperation) to Mediterranean Third Countries or the launch of the Erasmus World Programme (student exchanges) has yet to bear fruits. The same is true for the first large-scale projects in the field of migration management and border control (2002-04).<sup>33</sup>

The second basket, in terms of policy output, has a better record. The record of socio-economic programmes (classical development assistance) is honourable, considering the intensity of the problems and the limited amount of funds available for each recipient country. As for policy changes at regulatory, economic and social level, results were slow, since 2000, important steps have been taken, particularly true regarding the development of an enhanced framework for Euro-Med trade. Third generation association agreements have now been signed with all Med countries but one (Syria). The Valencia Action Plan adopted in April 2002 signalled a further move towards deeper economic integration, with the launch of the Euromed Internal Market Programme. More concretely perhaps, the Valencia ministerial conference also endorsed the principle of the participation of the Med partners to the system of Pan-European cumulation of origins – a more generous and inclusive option than what was initially envisaged. In addition, these advances towards the Euromed Free Trade Area have directly contributed to the reactivation of South-South schemes such as the Free Trade Area agreement initialled in Amman on 11 January 2003, by Egypt, Jordan, Morocco and Tunisia (the Agadir process).

These regulatory developments are undeniably important but should be kept in perspective. What has been achieved so far has a limited reach. For instance, the breakthrough over the cumulation of origins is significant ‘only insofar as there is sufficiently high preference margin justifying the time and money to be spent by Mediterranean industrialists’ in order to benefit from this regime, i.e. ‘maintaining separate stocks according to their origin, separate accountancy, lawyers’ fees, etc’.<sup>34</sup>

<sup>32</sup> For a detailed assessment of the EMP policy output, see Eric Philippart (2003), *Reinventing Integration in the Mediterranean – The Euro-Mediterranean Partnership and Beyond*, CEPS report, forthcoming.

<sup>33</sup> ‘Regional cooperation programme in the field of justice, in combating drugs, organised crime and terrorism as well as cooperation in the treatment of issues relating to the social integration of migrants, migration and movement of people’, framework document endorsed by the 5<sup>th</sup> Euro-Mediterranean Ministerial Conference. See also Commission européenne, *Intégrer les questions liées aux migrations dans les relations de l’Union européenne avec les pays tiers*, COM (2002) 703 final, 3 décembre 2002.

<sup>34</sup> Ugur and Tovas, op. cit., p. 20; see also Paul Brenton and Miriam Manchin (2003), *Trade Policy Issues for the Barcelona Process*, CEPS Working Papers – CEPS Middle East & Euro-Med Project, forthcoming.

Besides, if the policies of the Med partners are progressively adjusted to EU and international standards, the situation on the ground is evolving much more slowly. For example, while privatising, the state often starts acting as patron of a small and dependent class of entrepreneurs.<sup>35</sup> More importantly, most partners have yet to grapple fully with the three dilemmas that come with the opening to international trade: the distributional dilemma (who will be the winners and losers at domestic level?); the value dilemma (how much emphasis will be put on competition to the detriment, among other things, of security and family?); and the state-orientation dilemma (how much national sovereignty will be abandoned in the process?). In other words, the adjustment of the policy framework (competition, trade, tax and privatisation policies) in Med partners is far from completed. This done, they will still have a lot of work to do in terms of image (reassuring investors about economic, political and social stability, lowering hassle costs related for instance to corruption or inefficient administration; improving the quality of life) and structural factors (physical and human capital resources, the purchasing power of the inhabitants or the size of the market). These things tend to change very slowly. It is therefore not astonishing that tangible results in terms of growth, FDI and poverty reduction have yet to come.<sup>36</sup>

#### 4 Mid-term outlook

There are solid arguments for the continuation of the EMP. The scheme is not without qualities as indicated above. Moreover, a lot of capital has now been invested in that scheme in order to develop, if not a sense of common identity, at least cooperative automatisms. As long as comprehensive and sustainable peace has not been reached at Israeli-Arab level, there is little room for alternative organisations in the region. Last but not least, the dominance of the liberal paradigm at international level plays strongly in favour of the current logic of intervention.

Differences in terms of capacity and willingness will remain substantial among Med partners. Liberalisation and openness, for instance, are good things only when specific conditions are met. Consequently different levels of integration will continue to co-exist within the general framework provided by the EMP. In other words, sub-regional clubbing – possibly on an *ad hoc* basis – will endure. Schemes exclusively based on the Maghreb or the Mashreq would indeed be sub-optimal in many respects. That approach would complicate the lives of the willing and able (for instance by impeding the development of the Agadir project). Moreover, in several domains, the Maghreb or the Mashreq taken separately would simply not have sufficient critical mass. Finally, this separated approach would further aggravate the power gap between the EU and its partners, with the risk of exacerbating a ‘Latin American syndrome’ in those regions.<sup>37</sup>

The future of the EMP will be determined *inter alia* by three important questions. Firstly, will the scheme have the capacity to anchor policy reforms in the Med partners once those reforms will enter on a more active phase? As already mentioned the most costly steps are still ahead. It remains to be seen if the EU will find the extra funding needed to smooth such a difficult transition, with newly admitted member states busy renegotiating the financial terms of their accession. Secondly, will it be

<sup>35</sup> See Emma Murphy (2002), ‘Navigating the Economic Reform in the Arab World : Social Responses, Political Structures and Dilemmas for the European Union’, in Christian-Peter Hanelt, Felix Neugart & Matthias Peitz (eds), *Europe’s Emerging Foreign Policy and the Middle East Challenge*, Bertelsmann Foundation, Munich, pp. 37-57; and the special issue of *Mediterranean Politics* (2001, Vol. 6, No. 2) dedicated to the privatisation process and the development of the private sector in North Africa.

<sup>36</sup> A comparison between 1988-90 and 1998-2000 indicates that the region has lost in its relative attractiveness, with FDI stagnating in absolute terms and backsliding in relative terms (UNCTAD (2002), *The World Investment Report 2002 – TNCs and Export Competitiveness*, UN, New York and Geneva, pp. 25-26).

<sup>37</sup> Eberhard Rhein uses the expression to refer to the risk of alienation and hostility resulting from the feeling of being overwhelmed by a giant neighbour and the fear of losing identity and autonomy. Eberhard Rhein (2001), ‘The Mediterranean needs more regional cooperation’, Background paper for the working group on Sub-regional cooperation within the EMP, Euromesco.

possible to develop a new enhanced association status (*politique de voisinage*) which will not be to the detriment of policy convergence with the other major donors and players? The EU intends to offer a new formula of deeper integration to its immediate neighbours. The question is then to find a very inclusive status, just short of membership, which would not deter other donors. The paradigmatic convergence among donors active in the Mediterranean is indeed an important asset for parallel programming and much needed co-financing. Thirdly, what place is to be given to a post-Saddam Iraq keen to normalise its relations with the region? On the one hand, Iraqi ties with the rest of Mashreq are so close that it would certainly be sub-optimal to exclude the country from regional integration and keep relations with the EU on a purely bilateral basis.<sup>38</sup> On the other hand, including Iraq in the EMP would necessitate some Euromed rethinking.<sup>39</sup> Keeping the Mediterranean as the main geographical reference for the partnership would become much more difficult after the inclusion of Iraq.

There is admittedly a part of historical invention and ideological opportunism in any new and regional conceptualisation. Seeing the Mediterranean as one space is no exception.<sup>40</sup> This being said, the Mediterranean reference has a positive connotation for the Europeans and several of the Med partners. It means very little if anything for the remaining Med partners. That makes it acceptable for all. As of today, one country, Jordan, does not have a Mediterranean shore. It could however be argued that this is the one and only exception to the rule, that Jordan (Transjordan) was a Mediterranean country until 1967 and must be considered as a Mediterranean hinterland. None of this would be true for Iraq. The formal inclusion of Iraq would raise the issue of double standards (what about other non-Mediterranean countries keen to join the partnership).

And more importantly perhaps, it would pose the problem of the main reference for the partnership. The reference to a Euro-Arab partnership is problematic because of the existence of large non-Arab populations in the region (Berber, Jewish, etc.). One could of course propose to place EU-Israel relations back on an exclusively bilateral basis (which does not preclude the normalisation of its relations with the Arab world through peace treaties and/or free trade agreements, also on a bilateral basis). Assuming that non-Arab countries withdraw from the scheme, the reference to the Arab world would still pose problems, starting with the inclusion of the Gulf countries. Supposing that current regimes remain in power, their inclusion would impose a significant lowering of the political ambitions of the partnership in terms of human rights and good governance. Other members of the Arab League pose different problems: they belong to the category of the least developed countries (Mauritania, Yemen, Comoros, Djibouti). Some of those are already included in the ACP scheme. As far as the Comoros and Djibouti are concerned, there is no geographic continuity or proximity with the other members. Replacing the Mediterranean reference by a reference to the Muslim world would pose even more problems. One solution for referring to a regional partnership including Iraq would be to use the Anglo-Saxon concept of MENA (Middle-East and North Africa). The partnership would then refer to three separate regions, emphasising implicitly their differences and separateness. This would deprive the partnership of the single feature that unites the partners – their Mediterranean component.

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<sup>38</sup> On the advantages of dealing with Iraq together with the rest of the Mashreq, see Michael Emerson and Nathalie Tocci (2003), *The Rubic Cube of the Wider Middle East*, CEPS Paperback.

<sup>39</sup> In the hypothesis of a successful war against Saddam Hussein's regime, integrating Iraq in a EU-led scheme would in any case have to wait the end of a possible UN protectorate over the country and would most probably be subject to US approval.

<sup>40</sup> Marie-Noëlle Bourguet, Bernard Lepetit, Daniel Nordman, Maroula Sinarellis (eds), *L'invention scientifique de la Méditerranée*, Paris, Éd. de l'EHESS, 1998.





Table 1. Scope of action, level of integration and organisational settings of the EMP (31 January 2003)

Scope of action	Nature of the relation & operating mode		Organisational settings	Achievement
	Indep. Assess.*	Official wording		
<b>POLITICAL AND SECURITY PARTNERSHIP</b>				
1. Human rights & fundamental freedoms	<i>Cooperation</i> educational, diplomatic, financial	No 'intervention in internal affairs of another partner'; statements of individual commitments; exchange of information & dialogue; technical & financial assistance	Standard Configuration (SC), i.e. formal multilateral and bilateral meetings, up to foreign affairs ministers (see graph 2) Euro-Mediterranean Human Rights network	Slow and limited, 'hegemonic' pressure mainly through informal and bilateral means
2. State-civil society relation	<i>Cooperation</i> educational, diplomatic, financial	Statements of individual commitments regarding the development of democratic institutions, rule of law ..., treatment of –immigrated – minorities	SC	Idem
3. Public administration management	<i>Cooperation</i> educational, financial	Technical & financial assistance to the Med partners	SC	Variable
4. Terrorism	<i>Cooperation</i> operational, financial	Exchanges of information and improving extradition procedures; reinforced cooperation among police, judicial and other authorities, ratification and application of international (UN) instruments on that matter	SC + informal Ad Hoc Meeting on Terrorism, at expert level (2 meetings before 11 Sept 2001; 3 meetings in 2002)	Slow and very limited. New developments planned for 2002-04 (framework document – reg. coop. progr.)
5. Drug trafficking, international crime and corruption	<i>Coalition</i> operational and financial	Technical & financial assistance; improved cooperation among police, judicial, customs, administrative and other authorities	SC + periodical Euromed 'justice and home affairs' meeting at expert and senior official level (started in 2001)	Slow and limited. New developments planned for 2002-04 (reg. coop. progr.)
6. Civil protection	<i>Cooperation</i> educational, operational and financial	Technical & financial assistance	SC + network of the civil protection services	Fair speed and substantial; operational mainly at sub-regional and bilateral level
7. Non-proliferation / arms control / disarmament regarding nuclear, chemical and biological weapons	<i>Cooperation</i> diplomatic, operational	Dialogue; cooperation (mutual verification), promotion of international and regional regimes	SC + EuroMesCo (network of foreign policy institutes) & Strademed (Stratégies et développement en Méditerranée)	Very limited if any
8. Defence matters	<i>Cooperation</i> diplomatic	Dialogue	SC + EuroMesCo (network of foreign policy institutes) & Strademed	Very limited

\*The operating modes are listed in decreasing order of importance.

9. Crisis prevention, crisis management and peace building in the Mediterranean	<i>Partnership/ hegemonic</i> diplomatic, operational, educational, financial, normative	Good-neighbourly relations; confidence and security-building measures; support for (sub)regional processes; (preparation of a) Euro-Mediterranean Charter for Peace and Stability proclaiming a number of shared principles and setting procedures	SC + Ad hoc Senior Officials Meeting on Charter for Peace and Stability	Slow, fragile and limited
<b>ECONOMIC AND FINANCIAL PARTNERSHIP</b>				
10. Trade in goods and services	<i>Partnership</i> educational, normative, laissez-faire	Free trade area; closer links among chambers of commerce from the EU and the Med partners (cf. Archimedes programme & twinnings); sub-regional (South-South) regional and global integration based on the principles of market economy; coordinated position in global organisations	SC + Euro-Mediterranean Ministerial conference on trade (1 <sup>st</sup> meeting on 29 May 2001) + several working groups (thematic + 'relevant for regional integration') + Employers networks (Unimed & UMCE) + 'Euro-Mediterranean forum on consumer policy'	Slow but gathering momentum; very substantial, yet incomplete, commitments
11. Customs policy, including rules of origin	<i>Partnership / hegemonic</i> normative, operational, educational	Harmonisation of rules and procedures (alignment of Med partners) + cumulation of origin (inclusion in the pan-European system of cumulation of rules of origin)	SC + Trade sectoral ministerials + pan-euro-mediterranean working group on rules of origin (12 July 2001) replacing the 'Meeting of Officials on rules of origin' (1 <sup>st</sup> meeting March 1996)	Slow but very substantial in terms of commitments; limited operational record (pilot scheme of joint checks at sea in 2001)
12. Competition policy	<i>Partnership / hegemonic</i> normative, educational, operational	General definition of practices forbidden on both sides when they affect trade between the Union and the Med-partner (undertakings' arrangements perverting competition; abuse of dominant position and distorting public aid); legislative compatibility; exchange of information	SC + Trade sectoral ministerials + working group	Slow and substantial; hegemonic alignment, but variable extent of commitments
13. Investment policy	<i>Partnership / hegemonic</i> normative, laissez-faire, financial, educational	Creating 'a climate favourable to the removal of obstacles to investment' in the Med partners	SC + Trade sectoral ministerials + working group on FDI flows (1 <sup>st</sup> meeting 18 December 2001)	Slow and limited; variable record at bilateral MS-Med partner level (invest. protection, double taxation, ...)
14. Banking sector	<i>Hegemonic</i> educational, normative, financial, laissez-faire	Restructuring and opening of the Med partners' banking sector (risk capital facility)	SC + 'Euro-Mediterranean banking forum' (12 December 1996); Meeting of the Central Banks (28 Nov. 1997)	Slow and limited

15. Industrial policy, including conformity testing, certification, accreditation and quality standards	<i>Hegemonic</i> normative, educational, financial	Harmonisation by alignment of Med partners on European standards and procedures	SC + Euro-Mediterranean Ministerial Conference on Industrial Cooperation (1 <sup>st</sup> meeting 20 May 1996 – every 2 years) + Working group on industrial cooperation	Fair speed and substantial
16. Regulatory policy regarding the private sector	<i>Hegemonic</i> educational, operational, normative	Reform of the policy of the Med partners regarding business environment, including SMEs	SC	Variable speed; mainly technical assistance & Euro-Med business centres
17. Employment policy	<i>Hegemonic</i> educational, financial	Reform of the policy of the Med partners	SC + ‘meeting of the reinforced economic dialogue’ (1 <sup>st</sup> meeting 19 October 2001)	Fair speed and substantial
18. Tourism	<i>Partnership</i> educational, financial, normative, laissez-faire	Exchange of information, data collection, joint promotion and training; implementation and upgrading of the ‘Mediterranean Tourism Charter’ of 1995	SC + Ministerial Conference on Tourism (10 May 1996) + Euro-Mediterranean Tourism Organisation (est. in 1998, located in Rabat)	Fair speed and in line with the objectives
19. Energy sector, including energy networks	<i>Partnership / hegemonic</i> operational, financial, normative, laissez-faire	Encouraging producer-consumer dialogue; cooperation on the Med partners’ energy planning, exploration, transportation, distribution, trade; generation and transmission of power and interconnection and development of networks (cf. the Mediterranean electric ring project); efficiency; new and renewable sources; environmental issues; development of joint research programmes; association of Mediterranean countries with the 1994 (European) Energy Charter Treaty (establishing an open and competitive market + rules, <i>inter alia</i> , on freedom of transit, compensation for losses, expropriation)	SC + Euro-Mediterranean Conference of Energy Ministers (1 <sup>st</sup> meeting 7 June 1996) + the Euro-Mediterranean Energy Forum (est. Oct. 1999) and its secretariat (DG energy) Link with extra Euro-med regimes, i.e. (former European) Energy Charter Treaty (ad hoc membership)	Variable speed; limited at normative level (Energy Charter Treaty considered as the reference instrument); substantial at operational level (EIB loans ...) with emphasis on the security of supply; strong regional dimension
20. Science and technology	<i>Partnership</i> operational, educational, financial	Technical, financial assistance and training; joint action ‘taking account of the principle of mutual advantage’	SC + Euro-Mediterranean Science and Technology Monitoring Committee (1 <sup>st</sup> meeting: 2 May 1996) [Rem.: The Ministerial Conference on Science and Technology envisaged in 1997 never convened]	Slow and limited (beside Israel & Turkey); Euromed-Human Sciences programme 2002

21. Environmental policy, including integrated management of water, waste, coastal zones of erosion; fight against desertification; environmental hotspots	<i>Partnership / hegemonic</i> educational, operational, financial, normative	Joint assessment of problems; joint initiatives; establishment of a 'short and medium-term priority action programme for the environment' (SMAP) focusing on the Mediterranean Sea and the Med partners; (cf. regional Euro-Mediterranean initiative in the area of local water resources management); joint proposals for joint planning and management of water resources; development of regional regimes (upgrade of the 1992 Mediterranean Charter for Water)	SC + periodical Euro-Mediterranean Ministerial Conference on the Environment & Water (1 <sup>st</sup> meeting November 1996) + the SMAP Correspondents Network (1 <sup>st</sup> meeting 16 Nov. 1998) + Euro-Mediterranean Forum on Water Links with the coordinating unit of the Mediterranean Action Plan (MAP 1975) of the United Nations Environment Programme (UNEP) + the major donors' structure, the Mediterranean Environment Technical Assistance Programme (METAP 1988 – secretariat at the World Bank)	Fair speed and substance at educational, operational and financial level; no joint management or normative development
22. Agriculture policy, including production diversification, food security & safety, promotion of environment-friendly agriculture and privatisation	<i>Hegemonic</i> educational, financial, operational, normative	Exchange of experience and know-how; technical and financial assistance, training; 'closer relations between businesses, groups and organisations representing trades and professions in the partner states'	SC	Fair speed; mixed results Slow opening of EU market gathering momentum at bilateral level
23. Fishery policy	<i>Partnership / hegemonic</i> normative, educational, financial, operational	Monitoring and data collection; bringing Med partners practices in line with the code of conduct defined by DG fishery & FAO; technical assistance on the supply side of the Med partners	SC Link with the FAO (UN) General Fisheries Council for the Mediterranean (1949) that includes all riparian states	Fair speed; limited
24. Transport	<i>Partnership / hegemonic</i> financial, operational	Development of a trans-Mediterranean multimodal combined sea and air transport system; connection of Mediterranean transport networks to the Trans-European Network; integration in Galileo satellite system	SC + Coordination by the Euro-Mediterranean Transport Forum (1 <sup>st</sup> meeting March 1999) and its working groups (on Air Transport, Maritime Transport and Network & Infrastructure); link with the European Conference of Ministers of Transport (1953 adm. part of the OECD) and with the GTMO (Groupe Transports de la Méditerranée Occidentale)	Fair speed: substantial; strong (sub)regional dimension

25. Telecommunications and information technology	<i>Partnership / hegemonic</i> educational, operational, financial	Opening of the Med partners' sector thanks to New Approaches to Telecom Policy (NAPT - exchange of information and experience); modernisation of the Med telecom infrastructure; development of regional infrastructures including links with European networks (cf. EUMEDIS, the Euro-Mediterranean Information Society Initiative)	SC + Euro-Mediterranean Ministerial Conference on the Information Society (30 May 1996) + periodical Euro-Mediterranean Information Society Forum (1 <sup>st</sup> meeting 17 May 1999)	Fair speed; substantial especially at financial level (MEDA + EIB); strong regional dimension
26. Statistics	<i>Hegemonic / partnership</i> educational, operational, financial	Improvement of the Med partners' statistical systems by aligning them on international and European methodologies and standards (Medstat programme & network); data exchange	SC + Director's Committee (directors-General of the statistical services of the Euro-Med partners + EFTA) replacing the Seminar of the Directors General for Statistics and Regional Programme for Cooperation in statistics (1995-7) + <b>Reflection Group</b>	Fair speed and substantial
27. Macro-economic management	<i>Cooperation</i> diplomatic, educational	Dialogue	SC + periodical meeting of the reinforced economic dialogue & 'meeting of experts on economic transition + Femise network ('Forum Euro-Méditerranéen des Instituts Economiques')	Fair speed and in line with objectives
28. Budgetary policy	<i>Hegemonic / partnership</i> financial, educational	Dialogue on the Med partners' policy; direct budgetary assistance through 'Structural adjustment facilities' of general (macro-economic stabilisation) and sectoral nature (banking, health, education, transport, external trade)	SC + Euromed conference of Finance and Economy Ministers (1st meeting October 2002) Direct link with the World Bank and the IMF for SAF management	Variable speed; substantial
29. Public debt	<i>Cooperation</i> diplomatic	Dialogue on the Med partners' foreign debt in order to achieve progress in the competent fora	SC	Very limited, if any

PARTNERSHIP IN SOCIAL, CULTURAL AND HUMAN AFFAIRS				
30. Culture	<i>Cooperation / Partnership</i> educational, financial, operational	Inter-cultural and inter-civilisational dialogue; mutual recognition and understanding; contact between civil societies; greater closeness between peoples; cultural exchanges; funding of cultural and artistic events, co-productions (in particular in the audio-visual sector, see below)	SC + Euro-Mediterranean Conference of the Ministers of Culture (1 <sup>st</sup> meeting 22 April 1996) + Euro-Mediterranean Foundation (2003?)	Fair speed and limited (largely restricted to elites)
31. Cultural heritage	<i>Cooperation</i> educational, financial, operational	Inventory, networking of historical sites, exchange of experience, technical assistance and skill training with special emphasis on the Mediterranean partners (EuroMed Heritage)	SC + Euro-Mediterranean Conference of the Ministers of Culture	Fair speed and substantial
32. Religion	<i>Cooperation / Partnership</i> educational	Inter-religious dialogue; understanding among religions; mutual tolerance and cooperation	SC	Fair speed and limited
33. Education and training (development of human resources & linguistic skills)	<i>Partnership</i> operational, educational, financial	Dialogue on educational policies; sharing modern management approaches; exchange of students and staff (Medcampus, Tempus); special contribution of Euro-Arab Business School in Granada and the European Foundation (Turino) with special emphasis on the Mediterranean partners	SC	Slow but gathering momentum; substantial
34. Audiovisual sector	<i>Partnership</i> operational, financial	Close interaction between EU and Med partners media (EuroMed audiovisual programme); support for pre-production (MEDEA) and co-production; promotion of cross-distribution (Europa Cinémas & CinemaMed project)	SC + Audiovisual Conference of the Euro-Mediterranean Partnership (professionals)	Fair speed; limited to substantial; strong regional dimension
35. Illegal immigration	<i>Partnership</i> diplomatic, operational, normative	Legal commitment on readmission of nationals in illegal situation; improved cooperation among police, judicial, customs, administrative and other authorities	SC + meeting of Justice and Home Affairs senior officials (1 <sup>st</sup> meeting 8 March 2002), preceded by meeting at expert level (1 <sup>st</sup> meeting in 2001)	Slow but gathering momentum; limited commitments (incomplete); substantial operational and financial efforts focused on Morocco

36. Migration policy	<i>Cooperation</i> diplomatic, operational, financial	Dialogue on the living conditions of migrants legally established in the Union; dialogue on the management of migration flows; cooperation to reduce migratory pressures in the Med partners (among other things through vocational training programmes and programmes of assistance for job creation)	SC + Euro-Mediterranean Ministerial Conference on Migration and Social Integration of Migrants (1 <sup>st</sup> meeting planned for second half of 2003) + ad hoc meeting of Senior Officials on migration and human exchanges (1 <sup>st</sup> meeting October 2000)	Slow but gathering momentum; substantial operational and financial efforts focused on Morocco
37. Social development, including anti-poverty and gender policies	<i>Hegemonic</i> educational, operational, financial, normative	Contribution in the Med partners to improving the living and working conditions of the population, in particular of women and the neediest strata of the population; promotion of <u>basic social rights</u>	SC + Euro-Mediterranean Summit of Economic and Social Councils and Similar Institutions (since 1996)	Fair speed (gathering further momentum); substantial at operational and financial levels
38. Youth policy (horizontal issue)	<i>Hegemonic / partnership</i> educational, financial	Facilitating the integration of young people into socio-professional life and the democratisation of the civil society of the Mediterranean partners; improving mutual respect through mobility –exchange and voluntary service (Euro-Mediterranean Youth Action Programme)	SC + EU Youth forum + Network of national co-ordination structures (Med national coordinators joining the network of MS national agencies) + Euro-Mediterranean platform of youth organisations of the partners	Slow but gathering momentum; limited
39. Health issues, including the demographic dimension	<i>Hegemonic</i> financial, operational	Developing the Med partners' health services, as well as family planning, epidemiological supervision systems and control of communicable diseases	SC + Euro-Mediterranean Ministerial Conference on health (3 December 1999) + donors consultative groups (USAID, etc.) often co-organised by the recipient country and the World Bank	Variable speed; substantial

Table 2. Bilateral agreements between the EC and the Med partners (31 January 2003)

Partner	Pre-1995 situation	Post-1995 situation
Cyprus	Association Agreement (first generation) signed on 19 December 1972; entered into force on 1 June 1973; Agreement and Protocol on implementation of the second stage of the Agreement, entered into force on 1 January 1988	Customs Union stage 2 of the phase 2 (which should have been implemented in January 1998) unofficially frozen by the Commission candidate member state of the EU negotiations formally opened in March 1998, and concluded in December 2002
Malta	Association Agreement (first generation) signed on 5 December 1970; entered into force on 1 April 1971	Customs Union candidate member state of the EU negotiations suspended in 1996; resumed in 1998 and concluded in December 2002
Turkey	Association Agreement (first generation) signed on 12 September 1963; entered into force on 1 December 1964; Agreement and Additional Protocol signed on 23 November 1970	Customs Union entered into force on the 31 December 1995 recognition of its status as a candidate member state of the EU in December 1999; decision on the date for the opening of negotiation to be taken in 2004 if the Copenhagen criteria are met at that time
Israel	Cooperation Agreement signed on 11 May 1975 (Additional Protocol signed on 8 February 1977); entered into force on 1 November 1978	Euro-Med Association Agreement* signed on 20 November 1995, entered into force on 1 June 2000 (Interim Agreement on the implementation of trade and trade-related matters entered into force on 1 January 1996; 1996 and 1999 agreements on scientific and technical cooperation; 1996 agreement on public procurement )
Palestinian Authority	-	Interim Agreement signed on 24 February 1997 EC + Palestinian authority ratification only entered into force on 1 July 1997
Tunisia	Cooperation Agreement signed on 25 April 1976; and entered into force on 1 November 1978 (succeeding the Agreement of March 1969)	Euro-Med Association Agreement signed on 17 July 1995 entered into force on 1 March 1998
Morocco	Cooperation Agreement signed on 27 April 1976; entered into force on 1 November 1978 (succeeding the Agreement of March 1969)	Euro-Med Association Agreement signed on 26 February 1996 entered into force on 1 <sup>st</sup> March 2000
Jordan	Cooperation Agreement signed 18 January 1977; entered into force on 1 November 1978	Euro-Med Association Agreement initialled on 16 April 1997, signed on 24 November 1997, entered into force on 1 <sup>st</sup> May 2002
Egypt	Cooperation Agreement signed on 18 January 1977; entered into force on 1 November 1978	Euro-Med Association Agreement formal opening of negotiations in May 1994 initialled on 11 June 1999, signed on 25 June 2001



Algeria	Cooperation Agreement signed on 26 April 1976; entered into force on 1 November 1978	Euro-Med Association Agreement exploratory talks finished in 1995; formal opening of negotiations February 1997, initialled on 19 December 2001, signed on 22 April 2002
Lebanon	Cooperation Agreement signed on 3 May 1977; entered into force on 1 November 1978	Euro-Med Association Agreement negotiations concluded in December 2001, initialled on 10 January 2002, signed on 17 June 2002; approved by the EP on 16 January 2003 Interim Agreement signed on 17 June 2002 on the immediate effect of the economic and trade-related provisions of the Association Agreement
Syria	Cooperation Agreement signed on 18 January 1977; entered into force on 1 November 1978	Euro-Med Association Agreement formal opening of negotiations May 1998

*Note:* Ranked according to the level of integration between the signatories.

Table 3. Comparison of the regulation for MEDA I and MEDA II

Art.	Topic	MEDA regulation 1996	Commission's proposal 1999	MEDA regulation 2000
1(1)	Main intermediate objectives of the programme	To support the efforts that Mediterranean partners will undertake to reform their economic and social structures and mitigate any social or environmental consequences which may result from development.	No proposed amendment	To support the efforts [...] to reform their economic and social structures, <i>improve conditions for the underprivileged</i> and mitigate any social or environmental consequences which may result from development
1(3)	Duration of the programme	1995 to 1999	No reference	2000 to 2006
1(3)	Financial reference amount	ECU 3,424.5 million	No reference	€30 billion
2(2)	Overall objectives	... achieving long-term stability and prosperity, in particular in the fields of economic transition, sustainable economic and social development and regional and cross-border cooperation	No proposed amendment	Reference to ' <i>sustainable development</i> ' as the first objective; to ' <i>subregional</i> ' rather than 'cross-border' cooperation; and to the capacity to ' <i>integrate into the world economy</i> '
4(1)	Responsibility for coherence, complementarity and coordination (the '3 Cs')	'The Commission shall, in agreement with the member states [...] ensure the effective coordination' of Community and member states' efforts, as well as promote coordination with international institutions	No proposed amendment	'The Commission shall, <i>in liaison</i> with the member states ...'.
4(2)	Possibility of co-financing	Possible co-financing with the Mediterranean partners, public or private bodies of the member states and the EIB, or multilateral bodies or third countries	No proposed amendment	Commission invited, 'where appropriate', to <i>promote such co-financing</i> on the basis of a reciprocal and early exchange of information with the member states
5(2)	National and regional strategy papers (SP) defining long-term objectives and priority areas	No reference	No reference	Introduced by the new §2
5(3)	Indicative programmes (IP) – inclusion of an evaluation of progress made in the reforms	Indirect reference (IP may be amended on the basis of progress achieved)	Obligatory evaluation	Indicative programmes must be based on the SP; 'shall include an evaluation of progress'
5(4)	Annual financing plans (FP) presenting a list of projects to be financed	No reference	Introduction of FP proposed	FP must be established on the basis of the IP in liaison with the European Investment Bank (EIB)
5(5)	Consistency and complementarity of measures concerning risk capital and interest rate subsidies with IP and FP	No reference	Obligatory	The Commission, in liaison with the EIB, shall ensure complementarity and coherence

5(6)	Basis for financing decisions (FD)	FD chiefly based on the IP	FD based on the IP or FP	FD decision based on IP if the projects are not part of a FP
6(1)	Interest rate subsidy for loans in the field of environment	3%	1 to 3%	Interest rate set according to the financial characteristics of the operation; subsidy rate = half the interest rate, as long it does exceed 3%
6(3)	Provisions for supervision and financial control over the use of the grants & loans	Supervision and control by the Commission and the Court of Auditors, where appropriate on the spot	Provisions must give the Commission the right to conduct on-the-spot checks and inspections	Provisions must give the Commission the right to conduct on-the-spot checks and inspections
6(4)	Risk capital sectoral target and forms	For the 'production sector', under the form of subordinated or conditional loans, as well as temporary minority holdings	No proposed amendment	'primarily to strengthen the private sector' and in particular the financial sector. Other forms of risk capital may be envisaged.
7(1)	Definition of eligible expenditures	Imports of goods and services and local expenditure needed for the projects	Idem + direct budgetary support backing economic reform programme (facilities for structural adjustment)	Idem + direct budgetary support backing economic reform programme (facilities for structural adjustment)
7(2)	Definition of eligible administrative costs	Costs of preparation, initiation, following up, monitoring and implementing support measures	Idem + costs of auditing and controlling projects; explicit reference to technical and administrative assistance (Meda teams)	Idem + costs of auditing and controlling projects; explicit reference to technical and administrative assistance (Meda teams)
8(4) (7)	Procedures regarding invitation to tender and contract	Obligation for the Commission to provide information on the MEDA programmes and to publish the results of the invitations to tender in the Official Journal of the EC	No proposed amendment	Idem + obligation to use internet and definition of minimal information requirements on the results of the invitations to tender
9(1)	Financial programme planning of the Commission	Forwarded for information	No proposed amendment	Information forwarded must include the Commission's 'underlying reasoning in the context of the strategy papers'
9(2)	Adoption of SP, IP and FP	Adoption and amendment of IP according to Art. 11 procedure (see below)	Adoption and amendment of IP and FP according to Art. 11 procedure	Adoption and amendment of SP, IP and FP according to Art. 11 procedure
9(3) (5)	Procedure for the adoption of financing decisions	Adoption according to Art. 11 procedure; below ECU 2 million, the Commission decides and informs the Med-Committee	The Commission decides for all FD covered by FPs; for FD not covered by FPs, application of Art. 11 procedure	Adoption according to Art. 11 procedure; below Euro 2 million, provided that the FD forms part of an overall allocation, the Commission decides and informs the Med-Committee

9(4)	Procedure for the amendment of FD adopted under Art. 11 procedure	Right of the Commission to amend FD if the amendment is not substantial or if the additional commitment does not exceed 20% of the original commitment	Provision suppressed	Provision upheld
9(6)	Procedure for the adoption of exchange programmes under decentralised cooperation	Exchange programmes adopted by Art. 11 procedure	Provision suppressed	Provision suppressed
11(1) (2) (3)	Comitology (name and type of the Committee composed of representatives of the member states and set to assist the Commission)	Med Committee = regulatory committee Type IIIa in 1987 comitology nomenclature, designed for regulatory activities (The Commission submits a draft of the measure to the Committee for approval. In the case of a negative opinion or no opinion, the Commission submits a proposal to the Council. The Council decides by QMV.)	Meda Committee Management procedure of the 1999 comitology nomenclature	Med Committee = management committee (The Commission submits a draft of the measure to the Committee for opinion. The Commission adopts the measure which applies immediately. If the measure is not in accordance with the opinion of the Committee, it is communicated to the Council. The Council has three months to take a different decision, acting by qualified majority.)
12	Scope and procedure for subsidised loans	Restricted to environmental projects. Financing proposal drawn up by the EIB, submitted to the Commission and Art. 14 Committee (composed of representatives of MS, chaired by the MS chairing the Board of Governors of the Bank and set up at the Bank); draft decision submitted by the Commission to the Med Committee; FD taken by the Commission and forwarded to the Bank which 'may grant the loan'.	No proposed amendment	No sectoral restriction. The EIB communicates the proposed project to the Commission; the Commission verifies the conformity of the project with the regulation and takes the decision following the general procedure set in Art. 9; if the decision is positive, the Bank may grant the loan, subject to a positive opinion of the Art. 14 Committee.
13	Scope and procedure for risk-capital operations	The EIB submits its projects to Art. 14 Committee, the Commission making its position known. On the basis of that consultation, the EIB forwards the project to the Commission which takes the financing decision; the financing decision is forwarded to the Bank for implementation.	No proposed amendment	Necessary regional dimension. The EIB communicates the proposed project to the Commission in the form of a risk capital facility for incorporation into a regional financing plan; if the Commission (having verified the conformity of the proposal with the MEDA regulation) decides in favour of the incorporation, the Bank devises and implements individual operations, subjected to the positive opinion of the Art. 14 Committee (QMV) and of the representative of the Commission therein.
15(1) (2)	Annual report on the progress achieved in the implementation of MEDA	Submitted before 30 April. Information on the measures financed and assessment of the results obtained.	Submitted before 30 June	Submitted no later than 30 June. In addition, information on the results of the monitoring activities.

15(3)	Evaluation of the projects	Evaluation of the main projects. Made available to the Council and the European Parliament; for operations managed by the EIB, to the member states.	Idem + evaluation of sectors of intervention	Mid-term and ex-post evaluation of 'the projects and main sectors of intervention'. Made available to the Med Committee and the European Parliament; for operations managed by the EIB, to the Med Committee.
15(4)	Overall evaluation & information	'Overall assessment' of the 'cooperation policy' every three years; information on the networks every year; evaluation of decentralised cooperation programmes every two years. All submitted to the Med Committee.	No proposed amendment	'Overall evaluation report of the assistance' every three years and to be presented to the Med Committee 'for discussion'. Other provisions suppressed.
Annex	Definition of support for economic transition and the establishment of a Euro-Mediterranean free trade area	Job creation and private sector development; promotion of investment, industrial cooperation and trade (including among Med partners themselves); upgrading of economic infrastructure	No proposed amendment	Idem + 'opening-up of markets'
Annex	Definition of operations in support of structural adjustment programmes (SAP)	SAP designed to restore the major financial balances, create a better economic environment and improve the well-being of the population; alleviate the negative effect of structural adjustment 'for underprivileged sections of the population'	SAP designed for the same objectives + in view to the creation of a free trade area with the European Community	SAP designed for the same objectives + to <i>consolidate</i> balances + in view to the creation of a free trade area with the European Community + alleviate the negative effect ' <i>for the most underprivileged sections of the population</i> '
Annex	Definition of support for socio-economic balance	Social services; fight against poverty; rural development; fisheries; environment; economic infrastructures; democracy and 'respect for human rights'; human resources; culture; illegal immigration, drug trafficking and international crime	Idem + migration + trafficking in human beings + judicial cooperation in civil matters	Idem + 'the promotion of wide and equitable sharing of the fruits of growth' + 'defence' of human rights + migration + trafficking in human beings + 'the development of cooperation in areas relating to the rule of law'.
Annex	Definition of support for regional cooperation	Regional and cross-border cooperation. Among other types of action, networking of various actors from civil societies. General objective: 'The programmes must concentrate on encouraging information between networks and durable links between network partners'.	No proposed amendment	Subregional dimension explicitly added. Networking of political science foundations added to the civil society list. General objective: 'The programmes must concentrate on promoting the participation and the emergence of civil society within the partner countries, in particular by encouraging information ...'

Table 4a. MEDA Programme - Financial Implementation 1995-99

	Commitments			Payments			Disb. Rate		Population 97			GNP/cap. 97		MEDA/cap.	
	€mil.	%	Rank	€mil.	%	Rank	%	Rank	mil.	%	Rank	€	Rank	€per year	Rank
Algeria	164	4.77	8	30	4.05	7	18.29	6	29.32	13.65	3	1353	6	1.40	9
Morocco	656	19.10	2	127	17.16	3	19.36	5	27.31	12.72	4	1115	7	6.01	5
Tunisia	428	12.46	4	168	22.70	1	39.25	3	9.22	4.29	6	1840	4	11.61	2
<i>South Med</i>	1248	36.33		325	43.92		25.63		65.85	30.66		1322		6.34	
Egypt	686	19.97	1	157	21.22	2	22.89	4	60.35	28.10	2	1945	3	2.84	6
Jordan	254	7.39	6	108	14.59	4	42.52	2	4.44	2.07	7	1362	5	14.30	1
Lebanon	182	5.30	7	1	0.14	9	0.55	9	4.15	1.93	8	2919	1	10.96	3
Palestine	111	3.23	9	54	7.30	6	48.65	1	2.57	1.20	9	?		10.80	4
Syria	99	2.88	10	0	0.00	10	0.00	10	14.89	6.93	5	929	8	1.66	7
<i>East Med</i>	1332	38.78		320	43.24		22.92		86.40	40.23		1853		8.11	
Turkey	375	10.92	5	15	2.03	8	4.00	8	62.51	29.11	1	2831	2	1.50	8
<i>North Med</i>	375	10.92		15	2.03		4.00		62.51	29.11		2831		1.50	
Regional	480	13.97	3	80	10.81	5	16.67	7						0.56	
<b>Total or Average</b>	3435	100.0		740	100.0		21.22		214.76	100.0		1787		4.00	

Note: The figures given by the European Commission for regional co-operation during this period include payments related to commitments made before 1996 (cf. 'Med programmes'). If this amount (€150 million) is added to the MEDA payments, the disbursement rate for regional projects increases to 48%. The calculation of MEDA funding per person per year is made on the basis of MEDA total commitments divided by 4 years (MEDA only started at the end of 1995). and assumes that each country receives a share of the regional funds proportionate to its population.

Source: Compilation of tables from the European Commission (1998, 1999, 2000) and the DAC (2000).

Table 4b. MEDA Programme - Financial Implementation 2000-01

	Commitments			Payments			Disb. Rate		Population 2000			GNI/cap. 2000		MEDA/cap.	
	€mil.	%	Rank	€mil.	%	Rank	%	Rank	mil.	%	Rank	€	Rank	€per year	Rank
Algeria	90.2	5.49	6	5.8	0.82	9	6.43	6	30.40	13.43	3	1738	6	0.74	9
Morocco	260.6	15.85	3	81.0	11.51	6	31.08	5	28.71	12.69	4	1298	8	2.27	5
Tunisia	165.7	10.08	4	84.9	12.07	5	51.24	3	9.56	4.22	6	2310	3	4.33	2
<i>South Med</i>	516.5	31.41		171.7	24.40		29.58		68.67	30.34		1634		2.45	
Egypt	12.7	0.77	9	126.9	18.04	1	999.21	4	63.98	28.27	2	1639	7	0.05	6
Jordan	35.0	2.13	8	95.3	13.54	3	272.29	2	4.89	2.16	7	1892	4	1.79	1
Lebanon	0.0	0.00	10	32.7	4.65	8	-	9	4.33	1.91	8	4411	1	0.00	3
Palestine	96.7	5.88	5	93.2	13.25	4	96.38	1	2.97	1.31	9	1815	5	8.14	4
Syria	46.0	2.80	7	2.2	0.31	10	4.78	10	16.19	7.15	5	1045	9	0.71	7
<i>East Med</i>	190.4	11.58		350.3	49.79		343.17		92.36	40.81		1684		2.14	
Turkey	457.4	27.82	2	101.6	14.44	2	22.21	8	65.29	28.85	1	3388	2	1.75	8
<i>North Med</i>	457.4	27.82		101.6	14.44		22.21		65.29	28.85		3388		1.75	
Regional	480.0	29.19	1	80.0	11.37	7	16.67	7						0.53	
<b>Total</b>	1644.3	100.00		703.6	100.0 0		166.70		226.32	100.00		2160		1.82	

Note: The calculation of MEDA funding per person per year is made on the basis of MEDA total commitments divided by 2 years and assumes that each country receives a share of the regional funds proportionate to its population. Turkey: The figure for commitments in 2000 includes €34.3 million for projects mentioned under previous years (95-99) which were recommitted in 2000.

Source: Compilation of tables from the European Commission (2001, 2002) and the DAC (2002). Conversion rate: \$1 = €1.1.

Table 5a. MEDA Programme - Financial Implementation 1996-98 (Ecu millions)

	NIP <sup>1</sup>		Commitments					Com./NIP ratio	Payments <sup>2</sup>					D. rate <sup>3</sup> 96-98
	96-98	%	1996	1997	1998	Total	%		1996	1997	1998	Total	%	
Algeria	135.75	5.47	0.00	40.75	95.00	135.75	5.90	100	0.00	0.00	30.00	30.00	5.81	22.10
Morocco	454.48	18.32	0.00	235.57	219.00	454.57	19.77	100	0.00	30.00	40.71	70.71	13.69	15.56
Tunisia	356.90	14.39	120.00	138.25	19.00	277.25	12.06	78	40.00	60.00	8.30	108.30	20.97	39.06
<i>South Med</i>	947.13	38.18	120.00	414.57	333.00	867.57	37.73	92.57	40.00	90.00	79.01	209.01	40.47	25.57
Egypt	755.00	30.43	74.88	202.70	397.00	674.58	29.34	89	0.00	1.93	87.67	89.60	17.35	13.28
Jordan	125.24	5.05	100.00	10.00	8.00	118.00	5.13	94	60.00	45.00	0.00	105.00	20.33	88.98
Lebanon	96.00	3.87	10.00	86.11	0.00	96.11	4.18	100	0.00	0.00	0.00	0.00	0.00	0.00
Palestine	66.20	2.67	20.00	41.20	5.00	66.20	2.88	-	20.00	25.00	7.08	52.08	10.09	78.67
Syria	70.00	2.82	12.50	42.00	0.00	54.50	2.37	78	0.00	0.00	0.00	0.00	0.00	0.00
<i>East Med</i>	1112.44	44.84	217.38	382.01	410.00	1009.39	43.89	90.38	80.00	71.93	94.75	246.68	47.77	36.19
Turkey	235.40	9.49	33.14	70.24	132.00	235.38	10.24	-	0.00	3.21	8.83	12.04	2.33	5.12
<i>North Med</i>	235.40	9.49	33.14	70.24	132.00	235.38	10.24	-	0.00	3.21	8.83	12.04	2.33	5.12
Regional	186.00	7.50	32.48	108.75	46.00	187.23	8.14	101	6.20	17.51	24.97	48.68	9.43	26.00
<b>Total or average</b>	<b>2480.97</b>	<b>100.00</b>	<b>403.00</b>	<b>975.57</b>	<b>921.00</b>	<b>2299.57</b>	<b>100.00</b>	<b>92.49</b>	<b>126.20</b>	<b>182.65</b>	<b>207.56</b>	<b>516.41</b>	<b>100.00</b>	<b>28.88</b>

<sup>1</sup> National Indicative Programme. The EC report on MEDA 1998 gives the 1996-98 NIP figures for all Med partners, but Egypt, Palestine and Turkey. For Egypt, it refers to the 1997-99 update NIP. For Palestine and Turkey, no indicative amounts are given. In order to estimate the percentage initially allocated to each Med partner, the table assumes that Palestine and Turkey have totally absorbed available funds (indicative amounts = commitments).

<sup>2</sup> The figures given by the European Commission for regional cooperation during this period include payments related to commitments made before 1996 (cf. 'Med programmes'): ECU million 28,43 paid in 1996, 27,67 in 1997 and 22,51 in 1998. If this sum is added to the MEDA payments, the disbursement rate for regional projects increases to 68%.

<sup>3</sup> Disbursement rate.

Source: Compilation of tables from European Commission (1998), *Exécution de la programmation budgétaire 1996-1997, Méditerranéenne, Amérique latine, Asie du Sud et du Sud-Est*; EC (1999), *Exécution du programme MEDA de 1996 à 1998*; EC (1999) 'Annual report of the MEDA programme 1998'.



Table 5b. MEDA Programme - Financial Implementation 1999-01 (€ millions)

	NIP <sup>1</sup>		Commitments					Com./ NIP ratio	Payments					D. rate <sup>2</sup> 90-01	NIP	
	99-01	%	1999	2000	2001	Total	%		1999	2000	2001	Total	%		90-01	02-04
Algeria		0.00	28.00	30.20	60.00	118.20	4.59	n.a.	0.20	0.40	5.40	6.00	0.61	5.08	150.00	7.16
Morocco		0.00	172.00	140.60	120.00	432.60	16.81	n.a.	53.70	39.90	41.10	134.70	13.78	31.14	426.00	20.35
Tunisia		0.00	131.00	75.70	90.00	296.70	11.53	n.a.	56.20	15.90	69.00	141.10	14.44	47.56	248.65	11.88
<i>South Med</i>	0.00	0.00	331.00	246.50	270.00	847.50	32.93	n.a.	110.10	56.20	115.50	281.80	28.84	33.25	824.65	39.39
Egypt		0.00	11.00	12.70	0.00	23.70	0.92	n.a.	67.10	64.40	62.50	194.00	19.85	818.57	351.00	16.76
Jordan		0.00	129.00	15.00	20.00	164.00	6.37	n.a.	1.60	84.50	10.80	96.90	9.92	59.09	142.00	6.78
Lebanon		0.00	86.00	0.00	0.00	86.00	3.34	n.a.	1.20	30.70	2.00	33.90	3.47	39.42	80.00	3.82
Palestine		0.00	42.00	96.70	0.00	138.70	5.39	n.a.	54.00	31.20	62.00	147.20	15.06	106.13	n.a.	-
Syria		0.00	44.00	38.00	8.00	90.00	3.50	n.a.	0.00	0.30	1.90	2.20	0.23	2.44	93.00	4.44
<i>East Med</i>	0.00	0.00	312.00	162.40	28.00	502.40	19.52	n.a.	123.90	211.10	139.20	474.20	48.53	94.39	666.00	31.81
Turkey		0.00	140.00	310.40	147.00	597.40	23.21	n.a.	2.70	15.20	86.40	104.30	10.67	17.46	510.00	24.36
<i>North Med</i>	0.00	0.00	140.00	310.40	147.00	597.40	23.21	n.a.	2.70	15.20	86.40	104.30	10.67	17.46	510.00	24.36
Regional		0.00	154.00	159.80	312.40	626.20	24.33	n.a.	6.30	48.00	62.60	116.90	11.96	18.67	93.00	4.44
<b>Total or average</b>	0.00	0.00	937.00	879.10	757.40	2573.50	100.0 0	n.a.	243.00	330.50	403.70	977.20	100.0 0	114.55	2093.6 5	100.0 0

<sup>1</sup> National Indicative Programme. These figures were not available. For Palestine and Turkey, no indicative amounts are given. In order to estimate the percentage initially allocated to each Med partner, the table assumes that Palestine and Turkey have totally absorbed available funds (indicative amounts = commitments).

<sup>2</sup> Disbursement rate.

Source: Compilation of tables from European Commission (2002), *Bilan de l'exécution budgétaire 2001 pour la Méditerranée et ... (NIP & RIP 99 - 01)*

Table 6. Comparison EC Financial Assistance 1986-95 / MEDA 1995-01 (€ million)

	1986-90			1991-95			1995-99			2000-01		
	€	%	Rank	€	%	Rank	€	%	Rank	€	%	Rank
Algeria	143.6	9.38	5	240.6	6.69	7	164.0	4.77	8	90.2	5.49	6
Morocco	185.7	12.13	3	286.6	7.97	6	656.0	19.10	2	260.6	15.85	3
Tunisia	341.7	22.33	2	383.1	10.65	4	428.0	12.46	4	165.7	10.08	4
<i>South Med</i>	671.0	43.85		910.3	25.31		1248.0	36.33		516.5	31.41	
Egypt	469.3	30.67	1	970.1	26.97	1	686.0	19.97	1	12.7	0.77	9
Jordan	99.1	6.48	6	427.8	11.89	3	254.0	7.39	6	35.0	2.13	8
Lebanon	49.2	3.22	7	86.8	2.41	9	182.0	5.30	7	0.0	0.00	10
	182	11.89	4	532.7	14.81	2	111.0	3.23	9	96.7	5.88	5
Syria	22.5	1.47	9	73.8	2.05	10	99.0	2.88	10	46.0	2.80	7
<i>East Med</i>	822.1	53.72		2091.2	58.13		1332.0	38.78		190.4	11.58	
Turkey	32.8	2.14	8	232.7	6.47	8	375.0	10.92	5	457.4	27.82	2
<i>North Med</i>	32.8	2.14		232.7	6.47		375.0	10.92		457.4	27.82	
Regional	4.4	0.29	10	363	10.09	5	480.0	13.97	3	480.0	29.19	1
<b>Total</b>	1530.30	100.00		3597.2	100.00		3435.0	100.00		1644.3	100.00	

Note: The ODI evaluation for 1986-90 and 1991-95 indicates that some funds could not be allocated to any category and were therefore not included in the figures reproduced here. As for the 1995-99 figures, they do not include non MEDA budget lines, mainly benefiting Egypt, Jordan and Palestine (MEDA represents 73% of the total EC assistance to the region), nor were the loans from the EIB.

Source: ODI 1996; COWI 1998; European Commission information notes (1999, 2000, 2001, 2002).

Table 7. Comparison MEDA / Net ODA for 2000-01 (M €)

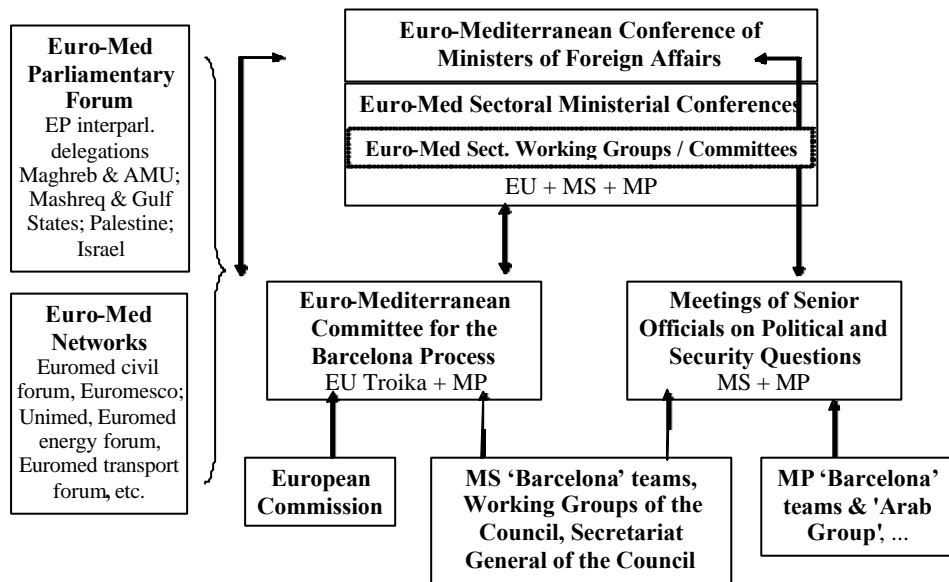
	MEDA disbursements				Net ODA receipts				MEDA /ODA	ODA/GNI 2000
	2000	2001	Total	%	2000	2001	Total	%		
Algeria	0.40	5.40	5.80	0.93	178.66	205.64	384.30	4.21	1.51	0.32
Morocco	39.90	41.10	81.00	12.99	461.23	583.65	1044.88	11.44	7.75	1.29
Tunisia	15.90	69.00	84.90	13.61	245.03	426.77	671.79	7.35	12.64	1.20
<i>South Med</i>	56.20	115.50	171.70	27.53	884.92	1216.05	2100.97	23.00	8.17	
Egypt	64.40	62.50	126.90	20.35	1461.22	1418.32	2879.54	31.52	4.41	1.33
Jordan	84.50	10.80	95.30	15.28	607.70	487.61	1095.30	11.99	8.70	6.56
Lebanon	30.70	2.00	32.70	5.24	216.19	272.09	488.29	5.34	6.70	1.13
Palestine	31.20	62.00	93.20	14.95	701.05	977.55	1678.60	18.37	5.55	12.52
Syria	0.30	1.90	2.20	0.35	174.30	172.77	347.06	3.80	0.63	0.97
<i>East Med</i>	211.10	139.20	350.30	56.17	3160.45	3328.34	6488.79	71.03	5.40	
Turkey	15.20	86.40	101.60	16.29	357.41	188.56	545.98	5.98	18.61	0.16
<i>North Med</i>	15.20	86.40	101.60	16.29	357.41	188.56	545.98	5.98	18.61	
<b>Total</b>	282.50	341.10	623.60	100.00	4402.78	4732.95	9135.73	100.00	6.83	

Notes: Exchange rate applied for 2000: \$1 = €1.1; for 2001: \$1 = €1.13. MEDA disbursements in 2000 and 2001 for regional projects account for €80 million. ODA (Official Development Aid) net receipts include EC assistance. ODA funds which could not be allocated on a country basis amount, for Northern Sahara, to \$55 million, and for the Middle East (where Jordan, Lebanon, Palestine and Syria are listed with Iran, Iraq and the Gulf States) to \$207 million.

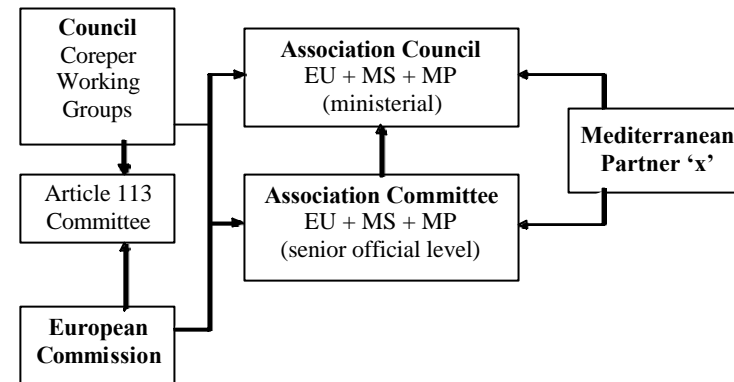
Source: Commission européenne (2002), *Bilan de l'exécution budgétaire 2001 pour la Méditerranéenne*, Europeaid Office de coopération.  
Development Assistance Committee (2002), *Table 25. ODA receipts and selected indicators for developing countries and territories*, OECD, Paris.

Figure 1. The three organisational dimensions of the Euro-Mediterranean Partnership

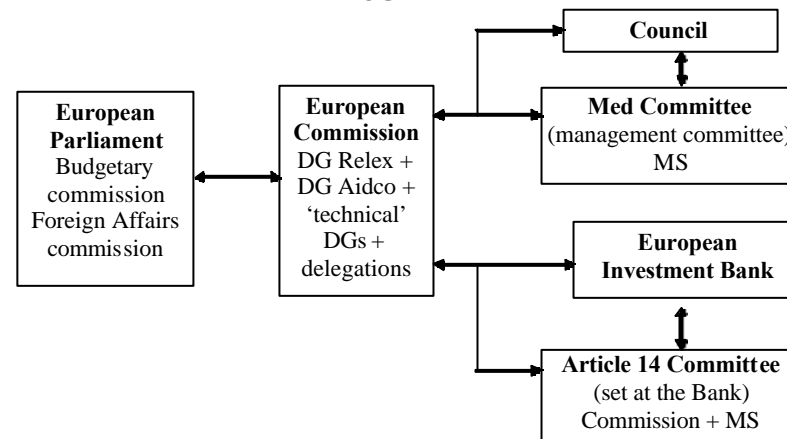
**THE MULTILATERAL DIMENSION:  
THE EMP INSTITUTIONAL FRAMEWORK**



**THE BILATERAL DIMENSION:  
THE EURO-MEDITERRANEAN ASSOCIATION AGREEMENTS**

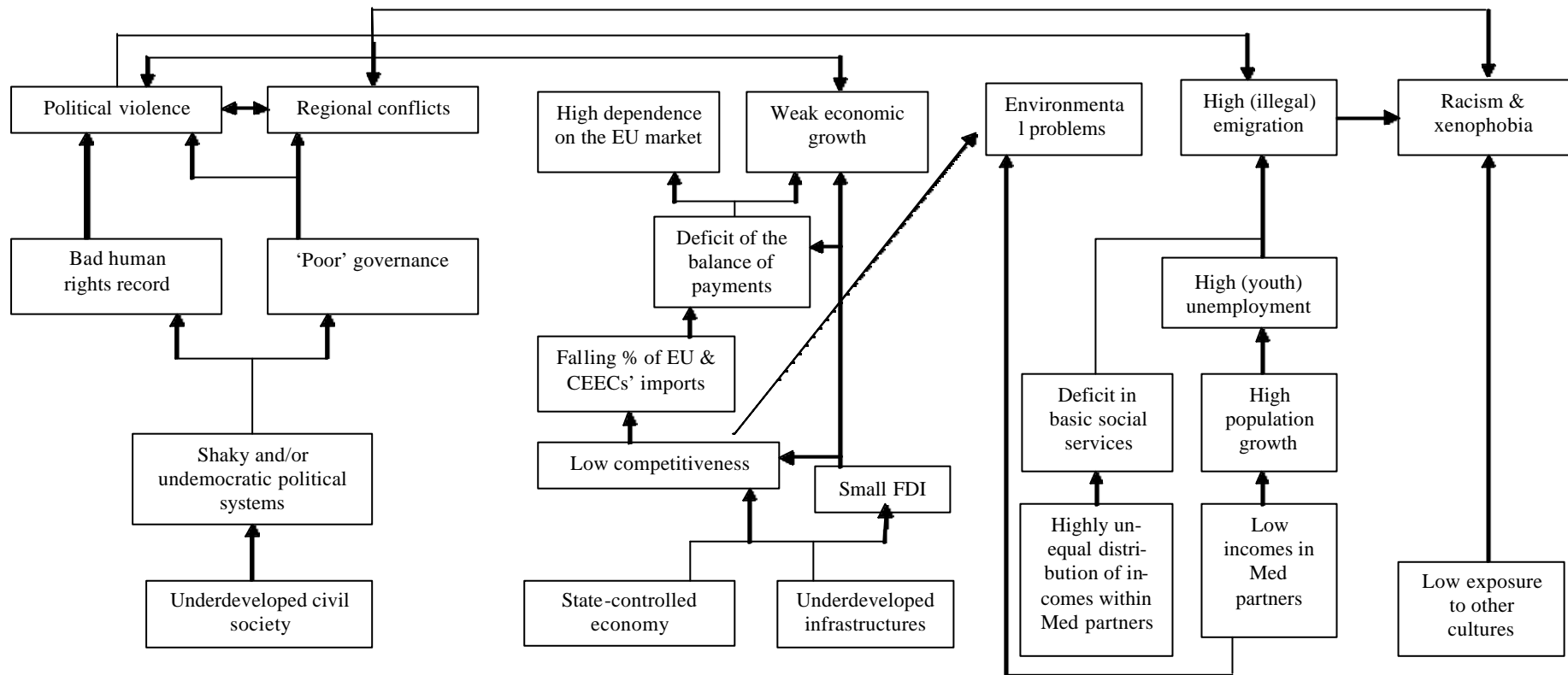


**THE UNILATERAL DIMENSION:  
MEDA PROGRAMME**



EU: European Union's institutions  
 EU Troika: Member State holding the EU presidency + the next Member State to hold the Presidency + the European Commission + the High Representative for the Common Foreign and Security Policy  
 MS: Member States of the European Union  
 MP: Mediterranean Partners

Figure 2. Problem tree underpinning the EMP



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Agricultural Policy

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