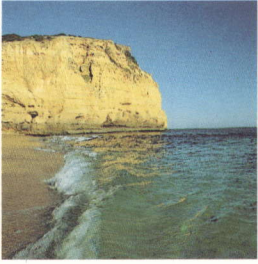


THE EUROPEAN COMMUNITY AND MEDITERRANEAN COUNTRIES



Europe
on the move





Eureka slide

History and geography have made the Mediterranean a centre for trade and interdependence, but it can also be an arena of confrontation. More than elsewhere, prosperity and peace for all entail constant dialogue and a lasting and special form of cooperation between North and South.

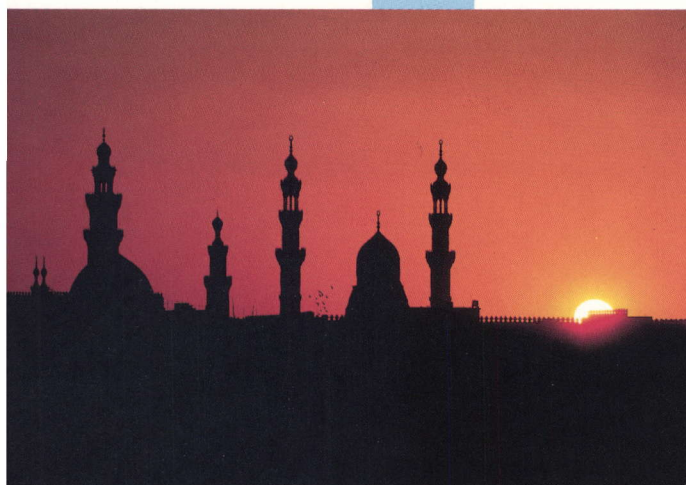
In recent years this special relationship has come up against major challenges: the enlargement of the European Community to include Spain and Portugal could be seen by the Mediterranean non-member countries as a threat to their farm exports; the opening up of the Community to the East has raised fears of a slackening of cooperation with the South; while the approach of 1993 has caused some to fear that the single market might become a 'fortress Europe'. Not the least of the challenges has been the onset of economic and political instability in the Mediterranean countries themselves, rendering their position precarious and making cooperation both more necessary than ever and yet more difficult.

THE OVERALL APPROACH

From its earliest years, taking as a basis specific provisions of the Rome Treaty, the Community inclined to a policy aimed at bringing its relations with all the countries of the Mediterranean within a single, comprehensive framework of cooperation.

For essentially political reasons, this idea took a long time to reach maturity.

Splendours of Islamic art, Cairo, Egypt.



Jean Kugler, Borelux Press

The overall Mediterranean approach adopted in 1972 by the Community Heads of State or Government at their meeting in Paris did not prove to be the prelude to the signing of a region-to-region association or cooperation agreement on the model of the Lomé Convention. The difficulty was circumvented by a policy of concluding with the Mediterranean non-member countries a series of agreements which shared a family resemblance and left open the possibility of accommodating – or even encouraging – any regional groupings which might emerge.

The Community concluded agreements with 12 of the 14 countries situated around the Mediterranean: the exceptions were Albania – with which an agreement is now under consideration – and Libya. There are some differences between these agreements. For example, there was provision for eventual accession in the case of Turkey, for the establishment of a free trade area with Israel and for a customs union with Cyprus. The cooperation agreements concluded with the countries of the Southern and Eastern Mediterranean, i.e. the Maghreb and Arab Mashreq areas, follow a single pattern embracing financial and technical cooperation (financial aid from the European Investment Bank and from the Community budget), institutional provisions setting up bodies for consultation and the exchange of information, and trade cooperation (free access for industrial products and preferential access for agricultural products). The agreements with the Maghreb countries contain an additional section on social aspects of cooperation. This series of agreements was concluded between 1962 (first Greece, then Turkey) and 1980 (Yugoslavia);¹ they have since been regularly updated and improved.

¹In November 1991 the Twelve terminated the agreement with this country, in the context of their peace-making efforts in Yugoslavia, while taking steps to adopt measures to help the republics cooperating in the peace process.

Mediterranean countries which have concluded agreements with the Community



INTERDEPENDENCE

The intensity of human interchange in the Mediterranean since ancient times is striking. From the days of Rome and Carthage, through the Middle Ages and, much later, the colonial era, the Mediterranean has always been a place where people, ideas and goods from the countries bordering it have intermingled – and have sometimes clashed. It is the pattern of history that has made today's links between the northern and southern shores of the Mediterranean particularly close, necessary and permanent.

This closeness has its counterpart in the Mediterranean economy, for the amount of trade involved is substantial. Each year, the Community's imports from its Mediterranean partners amount to some USD 25 billion, and its corresponding exports to over USD 30 billion. And this substantial trade in goods is matched by the movement of people: there are at present in the Community over 5 million

immigrants from countries around the Mediterranean.

For the Community this trade is well worth while, as it currently represents a very substantial surplus of some USD 7 billion. The Mediterranean is in fact one of the Community's main trading partners, ranking well ahead of Japan, for example.

Shop in Damascus, Syria.



Hannes Frank, Frank and Frei Verlag

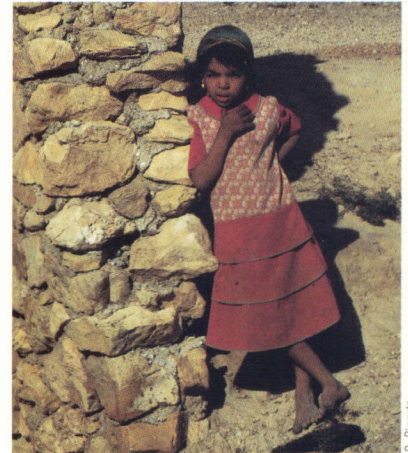
Yet for the Mediterranean countries concerned these trade links are of even greater importance, since they reflect a degree of dependence that would be hard to reduce; most of the countries concerned rely on the European market for over 50% of their exports (75% in the case of Tunisia).

Such ill-matched interdependence, weighing more heavily on one side than on the other, means that there must be co-operation aimed at progressively rebalancing relations and achieving more intensive and more self-reliant development of the countries concerned.

THE CONTRIBUTION OF COOPERATION

From their inception the cooperation agreements concluded between the Community and the Mediterranean countries bore the stamp of permanence; they were concluded for an unlimited period, with only the financial provisions being governed by five-year protocols.

In addition to the financial assistance, which in the case of the Maghreb and Mashreq countries has represented over ECU 3 billion since 1976 (including ECU 1.4 billion in grants), the agreements include especially favourable trade arrangements, without the requirement for benefits to be reciprocated — except in the case of Israel — and also institu-



P. Pizzuto

tional provisions to ensure dialogue between the parties (cooperation councils and committees).

By the nature of things, it was intended from the beginning that the cooperation thus established should evolve over time. Developments such as the textile crisis in Europe at the end of the 1970s or the enlargement of the Community to include Spain and Portugal have necessitated adjustments aimed at maintaining the special nature of the links with this particular group of countries.

*Fishermen in Istanbul,
Turkey.*

*Wool merchant,
Marrakesh,
Morocco.*

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The inequalities that exist today between the northern and southern halves of the Mediterranean are no doubt less marked than they would have been had there been no special links. Nevertheless there are areas of weakness. The serious internal imbalances with which the majority of the Mediterranean countries are having to grapple call for a form of cooperation by the Community that is more closely tailored to their circumstances. The imbalances stem in particular from population growth rates that in a number of cases are frequently in excess of economic growth rates, and from energy price fluctuations and a level of indebtedness (USD 200 billion for the Mediterranean countries as a whole) which is forcing the adoption of strict structural adjustment policies, with all that entails in the way of economic, social and also political problems.



P. Pizzulo

Detail of Kom Ombo temple, Egypt.

Main economic data for the Mediterranean countries

Country	Population (million)		Population growth rate	GDP (billion USD)	GDP growth rate 1984-88	Per capita GDP (USD) 1988
	1988	2025				
Morocco	23.6	47	2.5	18.4	4.2	600
Algeria	24.1	56	3.1	64.0	1.2	2 500
Tunisia	7.9	14	2.5	10.1	3.0	1 300
Egypt	52.5	99	3.0	28.3	4.6	500
Jordan	3.0	9	3.8	5.0	2.4	1 700
Syria	11.4	37	3.6	14.3	3.5	1 300
Israel	4.5	7	1.6	39.8	2.3	8 500
Cyprus	0.5	0.7	0.7	4.3	5.5	8 000
Malta	0.4	0.5	0.9	1.6	4.0	4 500
Turkey	54.2	90	2.5	61.9	6.5	1 300
Yugoslavia	23.7	27	0.8	53.1	0.0	2 000
Total	205.8	387		300.8		1 460 (average)
Total EEC	323	319		4 142.8		12 827

THE NEW MEDITERRANEAN POLICY

Could the Community, at a time when it is strengthening its own political cohesion and reinvigorating its own economy, allow the gaps in economic and social development between itself and its Mediterranean neighbours — already too wide — to become even wider? Should it seek instead to minimize the latent danger of instability on its doorstep and concentrate on throwing all its support behind the burgeoning movement towards economic liberalization and democratization?

The Community opted for the second of these propositions when in December 1989 the Council adopted the framework for redirecting the Community's Mediterranean policy. Implementation began in 1990 and continued during 1991, when the majority of the new financial protocols with the Mediterranean countries entered into force.



The European flag flying at the entrance to Valetta, Malta.

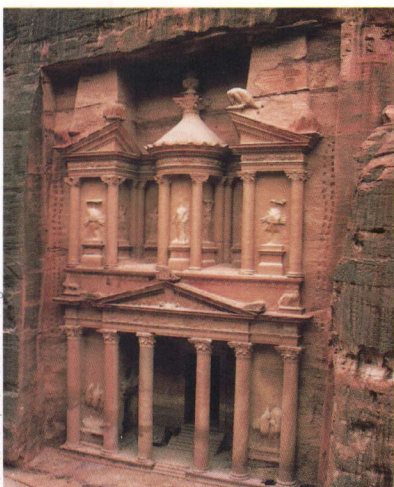
P. Pizzuto

The new Mediterranean policy has six main components:

- (1) back-up for the process of economic adjustment,
- (2) encouragement of private investment,
- (3) increase in bilateral and Community financial assistance,
- (4) maintenance or improvement of arrangements governing access to the Community market,
- (5) close involvement with the progress of the Community towards the single market,
- (6) strengthening of economic and political dialogue, at the regional level where possible.

This new Mediterranean policy provides an overall aid package of ECU 4 405 million, subdivided as follows:

- (i) ECU 2 075 million for the financial protocols (with Egypt, Morocco, Algeria, Tunisia, Syria, Jordan, Israel and Lebanon) which are to run from 1 November 1991 to 31 October 1996;
- (ii) ECU 2 030 million for more broadly based financial cooperation outside the protocols (including regional cooperation and cooperation on the environment);
- (iii) ECU 300 million to provide back-up for economic reform.



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Archaeological site at Petra, Jordan.



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This booklet is part of the *European File* series and appears in all the official Community languages — Danish, Dutch, English, French, German, Greek, Italian, Portuguese and Spanish.

Commission of the European Communities

Directorate-General for Audiovisual, Information, Communication and Culture

Editor: Publications and 'Europe in the world: developing countries' units, 200 rue de la Loi, B-1049 Brussels

Manuscript completed in October 1991

Cover photo: Eureka slide

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Printed in Germany

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Countries fully or partly English speaking. Offices also exist in other countries including all Member States.



Office for Official Publications
of the European Communities
L-2985 Luxembourg

ISSN 0379-3133

Catalogue number: CC-60-91-709-ENC