



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.03.1999
SEC(1999) 424 final

COMMISSION WORKING DOCUMENT

**THIRD EURO-MEDITERRANEAN CONFERENCE
OF FOREIGN MINISTERS
(STUTT GART, 15-16 APRIL 1999)**



**THIRD EURO-MEDITERRANEAN CONFERENCE
OF FOREIGN MINISTERS
(STUTT GART, 15-16 APRIL 1999)**

Commission working paper

1. BACKGROUND

The third Euro-Mediterranean Conference of Foreign Ministers is taking place in a somewhat improved context compared with that of the previous meeting held in Malta in April 1997:

- the informal meeting at Palermo restored the climate of goodwill between the foreign ministers and gave a fresh impetus to the Barcelona process;
- the Conference was scheduled well in advance, so allowing time for proper preparation, also helped by the fact that it is taking place in the wake of the Palermo meeting.

Some clouds are hanging over the April meeting, however:

1. It will take place a few weeks before the early elections in Israel, of which the first round will be held on 17 May and the second (if no candidate gets 50% of the vote) on 1 June. Furthermore, 4 May is a key date in the peace process, being the day that the Palestinian state may be set up. The Wye Plantation agreements had raised hopes of a breakthrough in the peace process after a 20-month crisis but the political and electoral situation in the region has held back real progress. The Stuttgart meeting will therefore take place in a climate of uncertainty as far as the peace process is concerned.
2. The European Council will discuss the financing for the Mediterranean in the context of the 2000-2006 financial perspectives and is likely to reach a decision in June; these discussions will take place against the backdrop of the need to finance enlargement to the East and make the necessary adjustments of Community policies.

3. The revised proposal for the MEDA Regulation will go before the Council in March and the Mediterranean partners will try to influence these discussions when they come to Stuttgart. Broadly speaking, the pace of MEDA commitments has matched the overall amount available. The decisions of the Cannes European Council have been adhered to and the trend in payments is in keeping with the normal advancement of the programme. The first two or three years were mainly devoted to project identification and the negotiation and signing of framework contracts and contracts. Since the time taken to implement projects ranges from four years on average to seven/eight years maximum, the next few years will see implementation move into high gear and payments gradually rise, while the initial commitment phase will wind down as planned by the end of this year. Despite this, the implementation of the MEDA Regulation has suffered hold-ups and has not lived up to the expectations of our partners. So MEDA II financial perspectives and operating procedures will both be up for discussion at Stuttgart.
4. Progress in negotiating the Association Agreements will depend a lot on progress with Egypt: the Agreement is well advanced but the clauses on human rights and readmission and the agriculture package remain sticking points. Failure to make progress on this Agreement would hold back the whole process. What is more, it might not prove possible to ratify the Agreements with Morocco and Israel in time for Stuttgart. Consequently, the Union's attitude when it comes to ratification and flexibility in negotiation may well be criticised by our Mediterranean partners.
5. Working methods for the Conference: the Commission recommends the approach used for the Palermo meeting, namely no prepared speeches by ministers and no long negotiating sessions on the basis of a text setting out agreed conclusions. What are needed are direct exchanges between ministers on the three pillars of the Partnership. **Initial feelers put out by the Presidency and the Commission to the partners indicate that such an approach would be acceptable as long as it is clearly understood that this in no way affects the official standing of the Conference and the conclusions of the Presidency.**
6. The status of Mauritania and Libya at the Conference could be the same as at Barcelona. There would also be arrangements to receive diplomats from Russia, the US, the CEECs and other countries concerned (Slovenia, Albania and Croatia, for instance).

2. THE UNION'S OVERALL OBJECTIVES

At Stuttgart we have to capitalise on the progress made at Palermo, meaning that the fruitful working methods developed by the Partnership should be put on a permanent footing, and other, less successful ones improved. We must also think about how it will operate in future.

On the subject of the relationship between the Barcelona process and the peace process, we should agree to a discussion between ministers in connection with talks on the political and security dimension, but a link between the two

processes should not be a prerequisite for moving forward with the Barcelona process.

In the same order of ideas, we should persevere with the Peace and Stability Charter and "partnership measures". Hopefully, some "guidelines" for the Charter will emerge from the Conference. In the short term efforts should be made to implement as many partnership measures as possible.

Since this is a time when the MEDA Regulation and the new financial package are up for renegotiation, the discussions on the second (economic and financial) chapter will assume particular importance. The groundwork for these talks will have been laid by the meeting of national experts on 9 and 10 March to discuss economic transition and by the paper dealing with free-trade issues and the impact of economic transition drawn up by the Commission after this meeting, in accordance with the conclusions of the Malta Conference.

The main objective in connection with the second chapter is to confirm the existing three-pronged thrust, namely free trade/economic transition/promotion of private investment, and collectively agree that what is needed now is to actually implement MEDA projects successfully and make a favourable impact on beneficiaries. We should try to prevent the Conference becoming bogged down in discussions of financial amounts or amendments to the Regulation, which are matters of EU competence. The Union could, however, facilitate the discussions by stressing the need to strengthen the economic analysis underpinning programming, especially in the case of the national indicative programmes.

Still on the subject of the second chapter, a second EU objective for Stuttgart will be to confirm the overall approach to financial cooperation after a period of adjustment that came to an end in 1997, and in particular the approach to regional cooperation agreed at the Valencia Conference in January. Regional cooperation is expected to really take off in 2000 and priorities will be focused on a specified number of sectors approved by ministers, with emphasis on practical action. Emphasis should also be placed on stringency in the choice of priorities and in evaluation. The "project cluster" approach is advisable in the present political context because it offers a way of overcoming any difficulties between Arab and Israeli partners. A decision might be taken to call for the drafting of a paper on the working methods of future regional cooperation.

The cultural, social and human chapter should be confirmed by ministers as a key to the Partnership's success and a priority for future cooperation. Achievements in the cultural and audiovisual fields and youth exchanges should be underlined.

One of the major issues at Stuttgart for the Union will be the financing of civil society projects. The relaunching of the MED programmes, despite all the current management problems, will be of evident importance in responding to criticism coming from civil society, where impatience is growing.

3. POINTS WHICH MAY BE RAISED AT THE CONFERENCE

The aspects of the Barcelona process that attract criticism from the Mediterranean partners are well known: the delays in implementing the MEDA Regulation, which

introduced new administrative procedures, the EU's position on agriculture, the discussions on debt and the issuing of visas. Added to all this are the reproaches concerning delays in the ratification of the Association Agreements.

Other delays that might be remarked on concern the relaunch of the decentralised cooperation programmes. We should be completely frank and open on this issue and point to the conflict between the requirements of stringent financial management and the political desire to act directly in favour of civil society (the associations concerned are small-scale structures with little experience of Community legal and contract-awarding procedures). We should therefore proceed with caution and restrict the number and scale of the new programmes.

4. SPECIFIC OBJECTIVES

4.1 Political and security chapter

The Palermo declaration called for senior officials to work on the issue of terrorism and prepare the Peace and Stability Charter.

Terrorism: since 1995 the Mediterranean partners have asked for practical cooperation in dealing with this. Algeria has made it a condition of its membership of the whole process and for the conclusion of a Euro-Mediterranean Agreement. The special meeting on 23 November 1998 provided a concrete basis for future work and if this is effectively built on, it will provide a satisfactory solution.

Charter for Peace and Stability: the senior officials and the network of foreign policy institutes, EuroMeSCo, are working to define the substance and institutional framework of the Charter. This is a medium-term objective.

4.2 Economic and financial chapter

Economic transition and free trade: the Commission has received from the FEMISE network of economic institutes the initial studies on agriculture, capital flows and services, the impact of the Agreements on fiscal policy, poverty, the Euro, and enlargement. They were discussed by experts on 9 and 10 March and on this basis the Commission will draw up a consolidated paper for the Stuttgart meeting. The aim is to get confirmation of the free trade/economic transition/private investment strategy, and to better focus efforts in the light of experience. There should also be strong emphasis on the need to speed up negotiation of the Association Agreements and of ratification of the Agreements already concluded.

Regional cooperation: guidelines for both the method and priorities of future regional cooperation emerged from the Valencia Conference. The six priority sectors agreed at the Malta Conference (**environment, water, industry, energy, maritime transport and the information society**) should be maintained and new areas of cooperation may be established following the setting-up of discussion groups on tourism, transport and social issues. Talks on the implementation of the Communication on the partnership and the internal market have already started. We should continue trying to rationalise regional cooperation and decide on the preparation by the Commission of an updated version of the MEDA regional

indicative programme, accompanied by a paper on working methods, to be discussed in the course of the year.

4.3 Cultural, social and human chapter: Attention should also be drawn to the need to focus on priority sectors for regional cooperation among those already covered (culture, including cultural heritage and audiovisual media, dialogue between cultures and civilisations, civil society, the fight against terrorism, youth, health, education, combating racism and xenophobia, migration, good governance and the fight against organised crime and drugs).

A report on the state of cultural and audiovisual cooperation may be presented to ministers in follow-up to the conclusions of the Rhodes Ministerial Conference. It could include a progress report on the implementation of the first phase of the Euromed Heritage Programme (16 projects) and the results of the call for proposals for the Euromed Audiovisual Programme (projects selected).

Action programme for youth: the Stuttgart Conference may approve the start-up of the youth exchange programme.

ANNEX : GUIDELINES FOR CONCLUSIONS

I. 1.1 The successful holding of the third formal Euro-Mediterranean meeting of Foreign Ministers in Stuttgart on 15-16 April 1999 demonstrates that the Partnership established in Barcelona in November 1995 is solid and lasting. Significant progress has been made in all aspects of the Partnership and all members remain fully committed to its success.

1.2 The Conference provides the opportunity for a full, frank and constructive discussion of what has been achieved since Barcelona, what problems have been encountered and what solutions found. The Barcelona Process is now sufficiently well established and resilient for the participants to be able to engage in an open dialogue on all issues of mutual concern.

II. 2.1 The situation regarding the Middle East Peace Process is of concern to all participants and will inevitably be discussed. As at the informal meeting in Palermo, the position of the Barcelona Declaration that the two processes are complementary will need to be reaffirmed, as well as the recognition of the support which the Barcelona process can give to the peace process. Similarly it will be important to recall the statement in the Barcelona Declaration of support for the realisation of a just, comprehensive and lasting peace settlement in the Middle East based on the relevant United Nations Security Council Resolutions and principles mentioned in the letter of invitation to the Madrid Middle East Peace Conference, including the principle land for peace, with all that this implies.

2.2 For its part the EU, together with the other partners to the extent that agreement can be reached, will wish to recall its declarations at Amsterdam and Luxembourg on the peace process and its very grave concern expressed at the Cardiff European Council at the lack of progress. It will wish to call for the faithful implementation by all parties of commitments freely entered into, on the basis of the Oslo and Madrid agreements, and most recently the Wye River memorandum. All sides should exercise the utmost restraint in view of forthcoming political events.

2.3 [On other aspects of the political and security partnership the content of the conclusions will depend on progress made at the next meeting of Senior Officials, particularly as regards the partnership building measures, the Euro-Mediterranean Charter for Peace and Stability, the follow-up to the ad hoc meeting on terrorism and the role of EuroMeSCo. A text on the Charter could be annexed to the conclusions.]

III. 3.1 Ministers should reconfirm the basic approach which is at the heart of progress in the economic and financial chapter of the partnership: the establishment of free trade, support for reforms for economic transition and promotion of private investment. [The Commission will be preparing a document on free trade issues and the impact of economic transition in the region in the light of the preliminary reports drafted by FEMISE and the meeting of government experts in Brussels on 9-10 March. This should form the basis for this part of the conclusions and the full report could be annexed to the text]

3.2 The meeting will take note of the implementation of financial cooperation under MEDA and the other relevant Community instruments as well as bilateral cooperation implemented by the Member States. By the end of 1999 Community financial assistance is expected to exceed by a small margin the EUR 4.685 billion of commitments referred to in the Barcelona Declaration, while loans from the EIB are expected to have totalled EUR over the same period.

3.3 Partners will also take note of work going on in the Council to simplify procedures for the implementation of financial assistance under MEDA in response to concerns expressed by some of the partners. They will note that decisions on the amounts of future financial assistance, which are due to be taken shortly, will reflect the priority given by the EU to relations with its Mediterranean partners in the context of its overall external commitments.

3.4 [Ministers will take stock as appropriate of progress on the negotiation and entry into force of the Association Agreements, and give added impetus to the process as necessary. The state of play in the negotiations with Egypt will be of particular importance.]

3.5 Ministers will note the progress made on the promotion of South-South cooperation : the Commission communication on the Euro-Mediterranean partnership and the Single Market, the broad lines of which were welcomed at the Valencia meeting on regional cooperation, provides the basis for making further progress on regional economic integration. Work should continue on increasing compatibility among the partners on customs cooperation, free movement of goods, public procurement, harmonisation and certification of standards, intellectual property rights, taxation, data protection, competition rules and accounting and auditing. Cumulation of rules of origin has a special role to play in enhancing economic integration in the region. All necessary measures should be taken to ensure that cumulation can apply throughout the Euro-Mediterranean area as soon as possible. Officials should be asked to make further progress on all these issues and report back to the next meeting of Foreign Ministers.

3.6 Ministers will recognise the important contribution made by the Valencia meeting in defining the role of regional cooperation programmes. The main priority sectors are : industrial policy including industrial modernisation and small and medium-sized enterprises, energy, environment, water, information society and transport. There is also interest in tourism, modernising and restructuring agriculture, reducing food dependency and the transfer of technology.

3.7 A number of important initiatives have recently been taken to implement regional cooperation : the EUMEDIS initiative for the information society ; a series of projects under the short and medium term action plan for the environment ; projects resulting from the Euro-Mediterranean energy forum among others. They could also take note of other ongoing activities such as the economic cooperation networks, initiatives to support contacts among SMEs and statistical cooperation under MEDSTAT.

3.8 Ministers will welcome the holding of a Ministerial Conference on water in Turin in the second half of 1999 ; this Conference could discuss further operational activities to be undertaken in this sector at the regional level.

3.9 Further impetus will be given to regional cooperation in the coming years in the context of overall programmes open to all partners comprising clusters of projects each involving a limited number of partners. This pragmatic approach enables solutions to be found to both technical and political difficulties which may arise.

3.10 Ministers could ask the Commission to prepare an updated version of the Regional Indicative Programme including proposals for other regional initiatives covering the agreed priorities where action has not so far been taken. Proposals on the methodology to be followed for implementing the agreed strategy could be the subject of a document to be submitted to the Euro-Med Committee.

IV. 4.1 Ministers will reaffirm the importance of cooperation in the social, cultural and human aspects of the partnership for creating an impact on the lives of individual citizens.

4.2 Progress has been made on the implementation of cooperation under the Euro-Med Cultural Heritage programme, and a second phase of this programme should be launched in 2000. The Euro-Med Audiovisual programme has been launched in 1998 and concrete projects should be selected and implemented this year. Other programmes in the cultural field are in preparation. Ministers should also welcome the launch of the Euro-Med Youth programme to encourage exchanges in that field.

4.3 Following the Valencia meeting regional activities in the third chapter (mainly education, good governance and human rights, dialogue between cultures and civilisations, women's participation, culture including cultural heritage and audiovisual, dialogue between civil societies, fighting international crime, particularly drugs and terrorism, youth, health, fight against racism and xenophobia, and migration) should be further concentrated, notably through the updated Regional Indicative Programme.

4.4 The « cluster » approach to regional cooperation will also be pursued in this chapter of the partnership where it has already been successfully applied in the past. The Commission should be invited to prepare further initiatives on these lines.

4.5 Ministers will welcome the holding in The Hague of a meeting on migration where it was possible to have a frank exchange of views on this important and controversial issue and to arrive at some concrete operational conclusions aimed at dealing with the problems associated with it.

4.6 Ministers should look forward to the holding of a Ministerial meeting on health in Montpellier in the second half of 1999 which should launch operational regional cooperation in that important sector.

V. 5.1 The democratic dimension of the partnership has been strengthened by the holding of the first meeting of the Parliamentary Forum in Brussels in October 1998, an event which should be repeated at regular intervals.

5.2 The visibility of the partnership needs to be increased. Activities undertaken to improve information available on the internet and through the press should be welcomed and future actions encouraged. The relaunch of the decentralised cooperation programmes, which has to be done carefully and prudently to avoid

administrative difficulties, also helps to bring home the value of the partnership to those who are active at the grass roots. In the implementation of cooperation activities the need for concentration on those which have a direct effect on the widest possible public should be borne in mind.

5.3 Ministers should also welcome the holding of activities by civil society in parallel with the Ministerial Conference and encourage their active participation in the partnership.

VI.6.1 Ministers should agree on the principle of holding a fourth meeting of Foreign Ministers.